

# **SOUTH AMERICA**



# Argentina

## I. Summary

Argentina is not a major drug producing country, but it remains a transit country for cocaine flowing from neighboring Bolivia, with undetermined quantities of the drug also being moved through Argentina in international transit from Peru and Colombia. Within the last several years, Argentina has become a transit area for Colombian heroin en route to the U.S. east coast (primarily New York), although there is no evidence that the quantities involved significantly affect the U.S. According to Argentine government (GOA) statistics, domestic drug use continues on the upswing. Although the overall number of people arrested for possession and trafficking declined in 2001, the number of seizures increased. This is indicative of a more focused use of investigative resources by the GOA, where trafficking organizations are being targeted instead of individual violators. Still, the smuggling of coca leaf into Argentina from Bolivia remains a problem, with over 85 metric tons of coca leaf seized by Argentine authorities in 2001.

While cognizant of its responsibilities in the interdiction area, the Argentine government continues to focus its counternarcotics efforts on demand reduction. Federal counternarcotics policy is coordinated by the Secretariat for the Prevention of Drug Addiction and Narcotics Trafficking (SEDRONAR). The government has several national security forces involved in counternarcotics efforts, with the Gendarmaria Nacional (Border Patrol), and Prefectura Naval (Coast Guard) playing the most prominent and effective roles. Provincial police forces also play an integral part in counternarcotics operations. During 2001, the GOA focused on improving its money laundering regulations. GOA efforts on money laundering and other counternarcotics law enforcement efforts are consistent with Argentina's obligations as a party to the 1988 UN Drug Convention.

## II. Status of Country

Argentina is not a major drug producing country. According to the first national survey on drug use, released in June 1999, 2.9 percent of adults between the ages of 16 and 65 said they had consumed an illegal drug in the previous 30 days. Marijuana is the most popular illegal drug consumed, with cocaine hydrochloride (HCl) and inhalants ranked second and third. Illicit drug cultivation is negligible. There is very limited refining or manufacturing of illicit drugs, with small amounts being produced in the country for local consumption. Most Argentine officials agree that the trafficking of narcotics through Argentina is a problem, although it has remained difficult to quantify the flow with any degree of accuracy. Argentina has a large and well-developed chemical industry which manufactures almost all the precursors necessary for the processing of cocaine. Buenos Aires also has a sophisticated financial sector, which could be used for money laundering operations.

Bolivia is the primary source of cocaine entering Argentina. Some drugs, such as marijuana, enter via Paraguay and Brazil. Within the past several years, the trafficking of Colombian heroin through Argentina to the U.S. East Coast has increased significantly. Seizures of psychopharmaceuticals, such as MDMA (ecstasy), continue to occur. Amphetamine seizures are increasing as well.

Commercial aircraft, private and commercial vehicles, containerized rail cargo, and foot traffic all serve as means of entry of drugs into Argentina. The thousands of uncontrolled airfields and small municipal airports, combined with the continuing lack of national radar coverage are factors which make Argentina attractive to potential traffickers. Riverine traffic from Paraguay and Brazil is another probable method for moving narcotics into and through Argentina. Drug shipments out of the country are mostly via commercial aircraft or through Argentina's maritime port systems. Couriers of cocaine from Buenos Aires' Ezeiza International Airport are primarily destined for Europe, South Africa, and Australia. Air

couriers of heroin are primarily destined for the United States. Narcotics entering and exiting via Argentine maritime ports are carried in bulk and containerized cargo, and in some cases, by passengers.

As a member of MERCOSUR, Argentina cannot open and inspect sealed containers from another member state which are passing through the country in transit. These sealed and uninspected containers could be used to transport an unknown quantity of drugs.

### III. Country Actions Against Drugs in 2001

The government actively opposes drug trafficking and the sale and use of illegal narcotics within the country. Argentina is party to the 1988 UN Drug Convention. In 1989, the Argentine congress passed the laws necessary to bring the 1988 UN Drug Convention into effect. Various presidential decrees since then have targeted money laundering and allowed asset seizures. In 1998, a witness protection program for key witnesses in drug-related prosecutions was created.

Argentina remains very active in multilateral counternarcotics organizations such as the Inter-American Drug Abuse Commission (CICAD), the International Drug Enforcement Conference (IDEC), and the UNDCP. In 2001, Argentina continued to urge MERCOSUR to play a larger role in money laundering and chemical precursor diversion investigations. The GOA hosted the IDEC in 2000 and played an active role in IDEC 2001.

**Domestic Programs (Demand Reduction).** The GOA has traditionally focused its narcotics efforts on demand reduction. Drug use is treated as a medical problem and addicts are eligible to receive federal government-subsidized treatment. Buenos Aires province (the most heavily populated) has its own well-established demand reduction program which coincides with the province probably hosting the most drug users.

**Law Enforcement Efforts.** Argentina has many federal and provincial police forces involved in the counternarcotics effort. The primary federal forces involved are the Federal Police (who also have jurisdiction for crimes committed in or connected to the city of Buenos Aires), the Gendarmeria Nacional (border police), the National Customs Service, the National Air Police, and the National Coast Guard. The provincial police forces of Buenos Aires, Salta, and Jujuy are also very involved in the counternarcotics campaign. All of Argentina's security forces face severe counternarcotics budget limitations which have hampered investment in training and equipment. Also, a lack of coordination between the many, and at times competing, law enforcement organizations continues to lessen GOA effectiveness. The GOA recognizes this problem and has taken some steps to try to alleviate it.

Marijuana seizures were down slightly from 2000, while heroin seizures increased dramatically. In 2001, 13,402 kilograms of marijuana, 84 kilograms of heroin (almost double the amount seized in 2000 based on statistics through October 2001), and 1,059 kilograms of cocaine base and hydrochloride were seized in Argentina. Drug arrests continued to decline in 2001, however, from 7,171 arrests in 2000 to 4,047 in 2001. This demonstrates a more focused use of GOA law enforcement investigative resources, where trafficking organizations are being targeted instead of the individual violator.

**Corruption.** The GOA has reiterated that the fight against corruption is one of its highest priorities. Argentina is a party to the Inter-American Anti-Corruption Convention and has ratified the OECD anti-bribery convention.

**Agreements and Treaties.** In 1990, Argentina and the U.S. signed a mutual legal assistance treaty that went into effect in 1993. In 1997, the U.S. and Argentina signed a new extradition treaty that entered into force on June 15, 2000, replacing an outdated treaty signed in 1972. A memorandum of understanding between the U.S. Treasury Department and SEDRONAR dealing with the exchange of financial information relating to money laundering was signed in 1995. The GOA is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, the 1961 UN Single Convention on Narcotic Drugs, and the 1972 Protocol amending the Single Convention. It also has bilateral narcotics

cooperation agreements with many neighboring countries, as well as a memorandum of understanding with the U.S. on cooperation in the narcotics field, signed in 1972. The United Kingdom, Germany, Australia, France, and Italy provide limited training and equipment support. Argentina signed the UN Convention Against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, and the Protocol Against the Smuggling of Migrants on December 12, 2000.

**Precursor Chemical Control.** Argentina has a well-developed chemical industry which produces many of the necessary solvents, acids, and oxidizing chemicals needed for the extraction of cocaine from the coca leaf and its subsequent purification. Argentine authorities seized 350,465 liters of precursor chemicals in 2001. SEDRONAR has recognized long-standing problems with the old chemical register, and is beginning to address them: the GOA has introduced new and more secure import and export certificates; SEDRONAR has begun to rebuild a national database of producers and distributors to gain a better understanding of the scope of the problem and has formed an eight-person chemical investigation unit; and the GOA has proposed to its neighbors that they work more closely together to monitor the flows of chemicals in the region.

#### IV. U.S. Policy Initiatives and Programs

In 1989, the governments of the United States and Argentina signed a cooperation agreement against drug trafficking, which was implemented annually until 1995 through a series of memoranda of understanding. The programs continue, using money obligated during earlier years. During that time, U.S. assistance totaled approximately \$2.9 million. Just over \$2 million was used to supply equipment, with the balance used for training programs for Argentine law enforcement personnel. In addition, Argentina has received Andean Initiative Funds in both 2000 and 2001, totaling \$151,000 overall.

Cooperation between U.S. and Argentine authorities, both federal and provincial, continued to be excellent in 2001. The Northern Border Task Force (NBTF) and Group Condor, major DEA-supported initiatives in the frontier region with Bolivia, continue to produce noteworthy results. Both the NBTF and Group Condor devote all of their investigative resources to counternarcotics work. State Department funding has been used to provide equipment and training for both units. The NBTF and Group Condor seized over 695 kilograms of cocaine and arrested 78 traffickers in 2001. A major benefit derived from both the NBTF and Group Condor operations has been the enhanced cooperation between participating agencies in the conduct of joint investigations. The U.S. will continue to work with and train the various agencies involved in these groups to ensure continued success.

Based on the success of the NBTF and Group Condor task forces, the U.S. plans to assist the GOA in establishing similar task forces in the tri-border area and at the Port of Buenos Aires in 2002. The Gendarmaria Nacional's task force operations have been particularly effective in the past year and as a result the U.S. will channel significant amounts of available funding to assist Gendarmaria efforts to establish new task forces and train personnel to staff them. The U.S. also plans to provide some equipment and training to the Prefectura Naval, which places considerable emphasis on maritime drug interdiction activities.

**The Road Ahead.** The GOA should continue to focus its efforts on the critical northern border area where the vast majority of cocaine enters Argentina, without neglecting other potentially important areas such as the tri-border area where Argentina, Paraguay, and Brazil meet. The U.S. will work with the Argentine Customs Service and Air Police to target heroin trafficking to the U.S. east coast and cocaine movements by couriers through Argentina's airports. The GOA should also determine the extent of South Atlantic maritime trafficking. The U.S. will continue to work with SEDRONAR to develop effective chemical controls and identify the illegal diversion of precursor chemicals.

# Bolivia

## I. Summary

While notable for their significant achievements during the last four years, Bolivia's coca eradication programs recently have had difficulties. An extremely effective eradication program had, by December 2000, eliminated most commercially viable coca production in the Chapare, previously one of the world's largest coca producing areas. Recent changes in the government and disturbances throughout the country have slowed down net eradication and allowed farmers to replant illicit coca in the Chapare region. The Government of Bolivia (GOB) abandoned the policy of forced eradication in the Yungas region following a failed attempt to implement this policy in June. These events combined to create an overall increase in the cultivation of coca. The GOB continued interdiction efforts in the Chapare, disrupting the traffic and transit of drugs and precursor chemicals. While Bolivian traffickers have adapted to a limited supply of precursor chemicals, caused by the GOB's highly effective chemical interdiction program, and have improved the purity levels of Bolivian cocaine base, Bolivia continues to be a transit country for Peruvian cocaine base. Fifteen illegal coca markets remain in operation, and violators have not been prosecuted. Interdiction operations in the Yungas region were derailed in September during confrontations with local residents. Alternative development initiatives in the Chapare continue to provide licit alternatives to coca, and the GOB has undertaken several projects to upgrade its efforts to reduce domestic demand for illicit narcotics. Bolivia is a party to the 1988 UN Drug Convention.

## II. Status of Country

Bolivia continues to trail Colombia and Peru in the production of coca base and cocaine hydrochloride (HCL), but remains a supplier of both. By 2001, the GOB had achieved significant results, reducing Bolivia's cultivation of illicit coca (above the 12,000 hectares allowed by law for traditional use) by more than 70 percent since 1996, from 48,100 hectares to an estimated 19,900 hectares in June 2001. Total potential national capacity to produce cocaine (assuming all coca, including legal leaf, were to be used) fell from 215 metric tons in 1996 to 60 metric tons in June 2001.

The gains in the reduction of coca and cocaine production have been partially offset by Bolivia's growing importance as a transit country for Peruvian cocaine base destined for Argentina and Brazil. Bolivia's borders run through the most remote and least controlled territories of its five neighboring countries—presenting multiple natural routes for smuggling.

## III. Country Actions Against Drugs in 2001

**Policy Initiatives.** Up to June 2001, the GOB seemed committed to implementing the “Dignity Plan,” President Banzer's five-year initiative to remove Bolivia from the coca-cocaine production circuit by 2002. President Quiroga (who assumed office when ill health forced Banzer to retire one year early in August 2001) said he would continue to support the GOB's eradication, interdiction, alternative development, and demand reduction programs outlined in the Dignity Plan. However, the Quiroga administration has been reluctant to take certain measures, such as closing 15 illicit coca markets in the Chapare and prosecuting violators who continue to grow and sell illicit coca.

In November 2001, the GOB issued a decree which authorized the seizure of illegal coca that is transported or dried in the Chapare and the arrest and prosecution of those involved. The decree came under heavy protest by cocaleros, and those detained under the decree were soon released from custody.

A series of violent confrontations with cocalero protesters led to the GOB reversing its policy to pursue forced eradication in the Yungas region, and slowed eradication operations in the Chapare region. Despite

the eradication of 9,395 hectares in the Chapare region during 2001, massive illegal replanting led to increased coca cultivation. Yungas coca cultivation above the 12,000 hectares allowed for traditional use also grew in 2001.

**Extradition.** Bolivia and the U.S. signed a bilateral extradition treaty in 1995. The treaty entered into force the following year and mandates the extradition of nationals for most serious offenses, including drug trafficking. Following several months of legal maneuvers, the Bolivian Supreme Court approved the extradition of Colombian citizen Eduardo Grajales-Posso to face drug trafficking charges in the U.S. He was successfully extradited to Miami in August.

**Counternarcotics Alternative Development.** Alternative development activities, supported by the U.S. Agency for International Development (USAID), with funding from the Department of State's Bureau for International Narcotics and Law Enforcement Affairs (INL), enable farmers to support themselves and their families without the need to cultivate coca.

As of September 30, 2001, the volume of licit alternative development products leaving the Chapare region, as determined by the transport survey at the region's two points of exit, decreased by four percent, from 173,557 metric tons in 2000 to 165,829 metric tons, at least in part due to cocalero violence, roadblocks, and strikes. The value of these products was calculated, using new methodology at \$28.9 million. The new methodology uses actual wholesale prices to provide better data quality at the critical wholesale selling point, and also eliminates forestry products to focus on agricultural and livestock outputs. Exports of licit fresh and processed crops from the Chapare region totaled \$5 million, an increase of 28 percent in comparison with the \$3.9 million exported last year. More than 16,167 farm families in 298 farmer organizations are receiving alternative development assistance in the Chapare, and 113,956 hectares are planted with licit crops. By late 2001, Chapare families reached by USAID assistance received an estimated farm-gate income of \$1,700 per year from the sale of licit products. (Average per capita income nation-wide was \$1,000.)

USAID's Yungas Development Initiative completed treatment of over 600 cases of leishmaniasis and tuberculosis, and trained some 7,500 people in the Yungas region to prevent and treat these diseases. The program also initiated the construction of four gravity water systems for use by over 900 persons and 11 communal sanitary systems for use by about 4,700 persons. Community-level projects totaling \$1.37 million were instrumental in achieving coca free agreements with communities in the Caranavi and Palos Blancos areas, but only a very insignificant amount of coca (40 hectares) was eliminated.

**Law Enforcement Efforts.** The GOB and USG began a two-year program to expand the size of the Special Drug Police Force (FELCN) and its specialized operational units. This expansion includes personnel growth of more than 15 percent, the upgrading of its existing physical infrastructure, and the basic construction of at least 14 new bases throughout the country. This improvement effort also includes constructing a national communication grid, establishing several computer-based data banks and information sharing systems and upgrading operational and office equipment and gear.

For calendar year 2001, the GOB seized 65.95 metric tons of coca leaf, 4.46 metric tons of cocaine (HCL and base), 5.2 metric tons of marijuana, 165,000 liters (liquid), and 46.8 metric tons (dry) of precursor chemicals, 284 vehicles, and \$834,910 in currency; destroyed 878 cocaine labs; and made 1,674 arrests. GOB efforts focused on intercepting illicit drugs and chemicals as well as on detecting and destroying organizations that bring chemicals into Bolivia from Chile and Argentina, and those that transfer cocaine from Bolivia into Brazil and Argentina.

The USG is also assisting the GOB in completely reforming DIGECO—the office charged with regulating the commercialization of legal coca. This is an integral part of a long-term strategy of increasing interdiction efforts and effecting control over the legal market to combat the illegal trade of coca leaf. In November, however, Yungas coca growers reached an agreement with the GOB that they, not DIGECO, would control the only legal coca market at Villa Fatima.

The Code of Criminal Procedures (CCP) was implemented fully in June with the first oral trials beginning in September. The introduction of oral trials has reduced trial lengths from years to less than one week, but getting cases to trial is difficult. Congress has delayed naming district attorneys, there is a lack of mid-level leadership within the Public Ministry which has paralyzed prosecution, and the cooperation between police and prosecutors (as both adjust to new roles under the new system) has often broken down.

Most narcotics cases are resolved through plea-bargaining to avoid penalizing informants and revealing their identities (where the informant is a participant). Changes in the substantive Criminal Code will be needed to avoid prosecuting informants. Bail provisions and restrictions are not always applied correctly and the CCP limits the use of preventive detention. In spite of considerable training, prosecutors and judges (unaccustomed to the discretion under the CCP) often fail to apply preventive detention when it is called for.

In early 2001, the GOB enacted a new Public Ministry Law, which professionalizes the prosecutorial function and adapts the office to the requirements of the CCP. The judicial branch introduced a more rigorous merit selection process for junior judges. However, disorganization within the Judicial Council and conflicts within the judiciary may lead to further weakening of the Council.

**Corruption.** Bolivia's small to mid-sized trafficking organizations do not seem to exercise a corruptive influence at the higher levels of the Bolivian government. The present government neither condones, encourages nor facilitates any aspect of narcotics trafficking. While there have been no cases of narcotics-related public corruption involving senior level officials prosecuted during 2001, there have been some instances where current or former Bolivian National Police officers and counternarcotics FELCN/UMOPAR officials have been involved in or implicated in narcotics related corruption.

**Diodato case.** In June, the Bolivian Supreme Court upheld the narcotics prosecution of Marino Diodato—an Italian citizen and Mafia-associated drug kingpin long resident in Bolivia, sentencing him to ten years in prison and four of his cohorts to four to five years in prison. In November, a District Court found Diodato and four cohorts guilty of running a cloned cellular phone operation, sentencing him to five years in prison (which he is appealing). Criminal gambling charges against Diodato are still pending.

**Agreements and Treaties.** Bolivia is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. Bolivia and the United States signed an extradition treaty in 1995, and the treaty has been in force since 1996. Bolivia has signed but not ratified the UN Convention against Transnational Organized Crime, the Protocol to Prevent, suppress and Punish Trafficking in Persons, and the Protocol against the Smuggling of Migrants.

**Cultivation/Production.** Total cultivation of coca in Bolivia was approximately 19,900 hectares as of June 1, 2001, with 15,400 hectares in the Yungas region (a mix of 12,000 hectares of legal fields and 3,400 hectares of illicit fields), 4,200 hectares in the Chapare region (all illicit, destined for cocaine production), and 300 hectares in the Apolo region (illicit, but mostly for traditional consumption). Total potential cocaine production in Bolivia increased from 43 metric tons in 2000 to 60 metric tons in 2001.

**Drug Flow/Transit.** Bolivia has become increasingly important as a transit country, primarily for cocaine base of Peruvian origin. Trafficking patterns indicate that Peruvian cocaine base crosses into Bolivia in the Lake Titicaca region, traverses Bolivia's La Paz, Beni, and/or Pando Departments and then enters Brazil. This cocaine base, particularly that of the lowest quality, is for the most part consumed in Brazil. There are indications that some Peruvian cocaine base transiting Bolivia has a final destination of Europe, Mexico, and/or the United States. Some Peruvian cocaine base also transits Bolivia with destinations of Argentina, Chile or Paraguay. Lesser quantities are produced from Bolivian coca; most of this cocaine is bound for Argentina.

**Domestic Programs (Demand Reduction).** During 2001, the USG supported a GOB initiative to upgrade its efforts in demand reduction. The Vice Ministry for Prevention and Rehabilitation undertook several joint projects with the USG including: expanding professional training and certification to drug

counselors, beginning a youth soccer league to promote drug awareness and offer safe and healthful after-school activities, beginning a drug awareness and drug information center, establishing a toll-free 24-hour drug hotline, and establishing a mobile drug information unit to provide services to small, remote communities.

**Chemical Control.** Bolivia is not a major producer of precursor chemicals. Most chemicals are smuggled from neighboring countries, especially from Chile. Over the past four years, the GOB has developed an effective chemical interdiction program, making essential chemicals hard to obtain and expensive. Bolivian traffickers have been forced to alter the cocaine production process to reduce or eliminate the need for some chemicals and are using inferior substitutes and recycling. However, the purity of Bolivian cocaine base has improved from reported purity levels last year. Based on a study of 108 samples taken in the Chapare the average purity of cocaine base was 73.9 percent. Peruvian cocaine base transiting Bolivia (seized in El Alto) was determined to have an average purity of less than 70 percent. There is demand for Bolivian cocaine base, and Bolivian processors have maintained a sufficient level of quality and continue to adapt to the ever-changing dynamics of the cocaine trade in Bolivia.

#### IV. U.S. Policy Initiatives and Programs

**Policy Initiatives.** The principal U.S. goals in Bolivia are to permanently remove Bolivia as a major producer of coca leaf for the production of cocaine; promote economic development and establish alternative licit crops and markets so farmers will have viable options to cultivating coca; disrupt the production of cocaine within Bolivia; interdict and destroy illicit drugs and precursor chemicals moving within and transiting the country; and reduce and combat the market for the domestic abuse of cocaine and other illicit drugs. The U.S. Coast Guard maintains a continuous long-term training team in Bolivia to improve their riverine counternarcotics capabilities.

In addition, the USG promotes the administration of justice through projects to modernize the judicial system and improve professionalism within the judicial branch, and specialized programs supporting Special Drug Prosecutors.

**Bilateral Cooperation.** The GOB and U.S. Embassy meet routinely at all levels to establish policy, implement programs and operations, and discuss and resolve problems.

INL, through the Mission's Narcotics Affairs Section (NAS) directly supports and assists all interdiction and eradication forces (police, military, and civilian offices), including the Special Drug Prosecutors project. This support is established and defined under Letters of Agreements (LOAs) signed with the Ministries of Government, Agriculture, and Public (Justice). Goals within the LOAs reflect U.S. interests outlined in the Mission Program Plan. The GOB has met, and generally exceeded, these goals.

**Road Ahead.** Bolivia will have a general election in June 2002. The next president and the makeup of the new legislature will shape the course of Bolivian drug policy and the bilateral relationship with the U.S. on these issues. One immediate result of the impending campaign has been an increased concern and sensitivity by the caretaker Quiroga government over social unrest—which includes violent protests and Chapare roadblocks by illegal coca groups led by cocalero Congressman Evo Morales.

For the immediate future, the USG will urge the GOB to take decisive action in stopping the illegal commercialization of coca in the Chapare region. On the political front, the USG will work to make Bolivian drug policy a consensus electoral issue to ensure broad public debate and to show, for the record, where political leaders stand on these issues. Both the USG and the GOB continue ongoing projects to expand the depth and capacities of counter narcotics forces and offices to increase professionalism, efficiency, and self-sustainability.

For the longer term, the USG will work with the new government (which will take office in August 2002) to establish the Bolivian drug policy and bilateral relationship with the U.S. for the next five-year administration.

# Bolivia Statistics

## (1993–2001)

	2001	2000	1999	1998	1997	1996	1995	1994	1993
<b>Coca</b>									
Net Cultivation <sup>1</sup> (ha)	19,900 <sup>2</sup>	14,600	21,800	38,000	45,800	48,100	48,600	48,100	47,200
Eradication (ha)		7,653	16,999	11,621	7,026	7,512	5,493	1,058	2,397
Cultivation (ha)	19,900	22,253	38,799	49,621	52,826	55,612	54,093	49,158	49,597
Leaf: Potential Harvest <sup>3</sup> (mt)	20,200	13,400	22,800	52,900	70,100	75,100	85,000	89,800	84,400
HCl: Potential (mt)	60	43	70	150	200	215	240	255	240
<b>Seizures</b>									
Coca Leaf (mt)	65.95	51.85	56.01	93.72	50.60	76.40	110.09	202.13	201.25
Coca Paste (mt)		—	—	—	0.008	—	0.05	0.02	0.01
Cocaine Base (mt)	3.95	4.54	5.48	6.20	6.57	6.78	4.60	6.44	5.30
Cocaine HCl (mt)	0.51	0.72	1.43	3.12	3.82	3.17	3.59	1.02	0.31
Combined HCl & Base (mt)	4.46	5.26	6.91	9.32	10.39	9.95	8.19	7.46	5.61
Agua Rica <sup>4</sup> (ltrs)	20,240	15,920	30,120	44,560	1,149	2,275	16,874	16,874	14,255
<b>Arrests/Detentions</b>	1,674	2,017	2,050	1,926	1,766	955	600	1,469	1,045
<b>Labs Destroyed</b>									
Cocaine HCl	1	2	1	1	1	7	18	32	10
Base	877	620	893	1,205	1,022	2,033	2,226	1,891	1,300

<sup>1</sup> The reported leaf-to-HCl conversion ratio is estimated to be 370 kilograms of leaf to one kilograms of cocaine HCl in the Chapare. In the Yungas, the reported ratio is 315:1.

<sup>2</sup> As of 06/01/2001.

<sup>3</sup> Most coca processors have eliminated the coca paste step in production.

<sup>4</sup> Agua Rica (AR) is a suspension of cocaine base in a weak acid solution. AR seizures first occurred in late 1991. According to DEA, 37 liters of AR equal one kilograms of cocaine base.

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# Brazil

## I. Summary

Brazil is not a significant producer of illicit narcotics, but it remains a major transit country for illicit drugs shipped to the U.S. and Europe and a major producer of precursor chemicals. The four main narcotics-related events of 2001 were the capture of major drug trafficker Fernandinho Beira-Mar, the implementation of judicial reform (drug courts), the integration of state and federal police forces (SENASP), and the implementation of a Brazil-wide national drug consumption survey.

According to Brazilian authorities, the country's domestic drug problem is increasing. Brazil continues to cooperate with its neighbors on controlling the remote border regions where illicit drugs are transported. Seizures of cocaine doubled in Brazil from 2000 to 2001, reaching eight metric tons.

Brazil is a party to the 1988 UN Drug Convention.

## II. Status of Country

Brazil is a conduit for cocaine base and cocaine HCL moving from source countries to the US, Europe, and Brazilian urban centers. Crack cocaine is used among youths in the country's cities, particularly Sao Paulo. Brazil is not a significant drug-producing country.

Money laundering in Brazil is a criminal offense. Brazil has a large, sophisticated financial sector, and money laundering is considered to be attributable not only to narcotics, but also to activities such as contraband and corruption.

## III. Country Actions Against Drugs in 2001

**Policy Initiatives.** Brazil has undertaken various bilateral and multilateral efforts to meet all objectives of the 1988 UN Drug Convention and has implemented adequate law enforcement measures, achieving significant progress in the fight against illegal drugs. An example of this progress was the capture in April of major narcotics trafficker Luiz Fernando Da Costa, an operation in which Brazil worked closely with Colombia and the DEA.

The Government of Brazil (GOB) has aggressively pursued, with support from SENAD (the GOB National Anti-Drug Secretariat), the implementation of specialized drug courts in Brazil, based on the U.S. model of national drug courts. The USG financed and organized drug court conferences in Brazil, providing U.S. speakers, as well as trips to the U.S. by GOB state justice officials to observe first-hand how drug courts operate in the U.S. The first formal drug court system ("therapeutic justice") was implemented in Pernambuco in April 2001, and other Brazilian states, including but not limited to Sao Paulo, Rio de Janeiro, Rio Grande do Sul, and Bahia, have either implemented drug courts or are in the process of doing so.

The GOB recently created SENASP (the GOB National Secretariat of Public Security), within the Ministry of Justice. SENASP is staffed by police from the Brazilian Federal Police, as well as the state civilian and military police. SENASP staff members are currently reviewing each Brazilian state's security plan, including counternarcotics, and are providing resources to those states in compliance. In September 2001, the USG signed a letter of agreement with the GOB, which included SENASP as a direct recipient of U.S. counternarcotics funds. In October 2001, SENASP held the first national conference of state civilian drug police chiefs in Brasilia.

In August 2001, SENAD signed an agreement with the Brazilian NGO CEBRID (Brazilian Center for Information on Psychotropic Substances) to conduct a Brazil-wide study on drug consumption. Half of

this study is being financed by GOB SENAD funds, and half is being financed by U.S. funds provided under the U.S.-GOB letter of agreement.

**Accomplishments.** In 2001, the Brazilian Federal Police (DPF) seized 8.1 metric tons of cocaine (7.3 metric tons of cocaine HCL, 142 kilograms of crack, and 663 kilograms of base), twice the amount seized (4.05 metric tons) in 2000. Cannabis seizures went from 125 metric tons in 2000 to 136.1 tons in 2001. These numbers do not cover total drug seizures nationwide, however, since seizure figures for local police forces are not reported on a national basis. Taking this into account, DPF sources estimate their own figures represent perhaps 75 percent of seizures and detentions. Three drug laboratories were dismantled in 2001.

The Brazilian international narcotics trafficking kingpin Luiz Fernando Da Costa, aka Fernando Beira-Mar, was arrested in Colombia on April 21, and on April 24 was deported to Brazil, accompanied by the DPF. Beira-Mar had received protection of the FARC in Colombia. On October 19, Beira-Mar's principal lieutenant, Leomar de Oliveira Barbosa, was detained in Capitan Bado, Paraguay, and on October 20, was deported to Brazil, accompanied by the DPF. Both Beira-Mar and Oliveira Barbosa are currently incarcerated in Brazil. The DPF and DEA worked closely together on this case.

**Law Enforcement Efforts.** With the exception of some cannabis grown primarily for domestic consumption in the interior of the northeast region, there is no evidence of significant cultivation of illicit drugs in Brazil. DPF analysts believe that international narcotics trafficking organizations may be investing in building cocaine processing laboratories in Brazilian territory because of the availability of precursor chemicals.

The DPF and state authorities are investigating the extensive domestic illicit drug distribution networks in major and secondary cities in Brazil.

The DPF took measures to identify significant drug trafficking trends, patterns, and traffickers throughout Brazil in 2001. Although one or two monthly deliveries of large amounts of Colombian cocaine may be shipped to Brazil's urban centers of Rio de Janeiro and Sao Paulo, DPF information indicates that Bolivian cocaine generally tends to dominate in those markets.

**Law Enforcement and Transit Cooperation.** The DPF and SENAD continued to express their strong interest in active cooperation, particularly intelligence sharing, and coordination with the U.S. in drug control activities, and in 2001 the DPF invited the DEA to observe DPF operations in the Amazon region. Information sharing with Brazilian police authorities has expanded. Brazil cooperates with authorities in neighboring countries, particularly Colombia, Peru, and Bolivia, to enhance regional counternarcotics efforts.

**Precursor Chemical Control.** Brazil requires registration with the federal narcotics police for all production, transport and distribution of precursor chemicals. A 1995 law places 11 chemicals under federal control (24 more are under consideration), sets minimum thresholds for reporting and record keeping on transactions, provides for import and export licensing, and fixes substantial administrative penalties for noncompliance. While compliance with the permit process appears to be widespread, a lack of resources hinders active follow-up on shipments.

The DPF have organized precursor chemical training and initiated interdiction operations of chemical precursors, including cyclical audits and investigations of Brazilian chemical firms. Brazil is compliant with the agreements to establish a method for maintaining records of transactions of the established list of precursor and essential chemicals and has established procedures under which such records can be made available to other countries' law enforcement authorities. (For details, see the Chemical Controls chapter of this report.)

**Domestic Programs (Demand Reduction).** SENAD continues to enjoy success with its toll-free number on drug information. The USG funds a SENAD-sponsored Brazil-wide survey of drug consumption, and supports demand reduction and drug education programs in Brazil. Continuing previous years' investments, the U.S. supported training sessions for officers of PROERD, which is

modeled on the American Drug Abuse Resistance and Education (DARE) program. PROERD provides training to uniformed state military police drug education volunteers in 22 of Brazil's 26 states, as well as in the Federal District.

**Corruption.** As a matter of government policy, Brazil does not condone, encourage, or facilitate production, shipment, or distribution of illicit drugs or laundering of drug money. The GOB recently established a ministry/cabinet-level institution for the oversight of public corruption in the federal government.

**Agreements and Treaties.** Brazil became a party to the 1988 UN Drug Convention in 1991. Agreements based on the 1988 Convention form the basis for counternarcotics cooperation between the U.S. and Brazil. Brazil is also a party to the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and the 1971 UN Convention on Psychotropic Substances. Brazil also has a number of narcotics control agreements with its South American neighbors, several European countries, and South Africa. Brazil cooperates bilaterally with other countries and participates in the UNDCP and the Organization of American States/Inter-American Drug Abuse Control Commission (OAS/CICAD). Brazil signed the UN Convention against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, and the Protocol against the Smuggling of Migrants on December 12, 2000. Brazil signed the Protocol against the Illicit Manufacturing of and Trafficking in Firearms on July 11, 2001.

The bilateral mutual legal assistance treaty (MLAT) between the United States and Brazil was approved by the Brazilian congress in December 2000, and entered into force in March 2001.

Brazil and the U.S. are parties to a bilateral extradition treaty signed in 1961. Brazil cooperates with the U.S. and other countries in the extradition of non-Brazilian nationals accused of narcotics-related crimes. According to the Brazilian Constitution, however, no Brazilian shall be extradited, except naturalized Brazilians in the case of a common crime committed before naturalization, or in the case where there is sufficient evidence of participation in the illicit traffic of narcotics and related drugs, under the terms of the law. There were no extraditions to the U.S. of fugitives accused of narcotics activities in 2001. As of December 31, 2001, however, there were three fugitives in detention in Brazil as a result of U.S. extradition requests based on narcotics and related charges.

**Drug Flow/Transit.** The vast Amazon region remains difficult to adequately monitor, increasing the likelihood of narcotics moving by air and along the extensive river system. DPF officials indicate that cocaine leaving Colombia and entering Brazil by air is destined for international markets in the U.S. and Europe hidden in containerized cargo. According to the DPF, smaller amounts of cocaine leave Colombia via Brazil's waterway networks in the Amazon region and are mainly destined for the Brazilian domestic market.

#### IV. U.S. Policy Initiatives and Programs

**U.S. Policy Initiatives.** U.S. counternarcotics policy in Brazil focuses on liaison with and assistance to Brazilian authorities in identifying and dismantling international narcotics trafficking organizations, reducing money laundering and increasing awareness of the dangers of drug trafficking and drug abuse. Assisting Brazil to develop a strong legal structure for narcotics and money laundering control and enhancing cooperation at the policy level are key goals. Bilateral agreements provide for cooperation between U.S. agencies, the National Anti-drug Secretariat, and the Ministry of Justice.

**Bilateral Cooperation.** In December 2001, the USG provided training pertaining to the MLAT, which entered into force in March. The MLAT supports efforts by Brazil to deal with narcotics trafficking and organized crime, as well as other offenses.

In accordance with the bilateral U.S.-Brazil letter of agreement on counternarcotics, bilateral programs that took place in 2001 included cooperation with the Regional Intelligence Center of "Operation

COBRA,” the International Drug Enforcement Conference (IDEC), “Operation Outreach,” and “Operation Seis Fronteiras III.”

The Regional Intelligence Center, which was inaugurated in Tabatinga on December 13 by the DPF, is an IDEC initiative that will facilitate counternarcotics intelligence gathering and sharing, concentrating on riverine and air intelligence. This information will be shared between law enforcement agencies from Brazil, Colombia, Peru, and the U.S. Brazil is a member of IDEC’s Andean and Southern Cone Working Groups, and in November, hosted the Southern Cone working group meeting in Foz do Iguazu, Brazil.

Through “Operation Outreach,” the DEA’s agents posted in Sao Paulo worked closely with the DPF in Minas Gerais, Parana, Rio Grande do Sul, Santa Catarina, Mato Grosso do Sul, and Espirito Santo, reinforcing the DPF’s capability to exchange information between offices concerning drug trafficking trends in their respective areas of responsibility.

Brazil took part in a successful regional exercise targeting precursor chemicals, “Operation Seis Fronteiras III,” in cooperation with Bolivia, Colombia, Ecuador, Peru, Venezuela, and the DEA.

The U.S. provided assistance with drug courts, with the implementation of the MLAT, and with support for the GOB countrywide drug survey. Other areas of bilateral cooperation include “Operation COBRA,” anti-arms trafficking, increased communications capabilities for SENAD, and the DARE program.

The GOB’s “Operation COBRA” (COlombia-BRAzil), intended to augment the presence of the GOB in the border area, involved coordination among the GOB Federal Police, military, MRE, Customs, and Internal Revenue, with the installation and occupation of eight law enforcement bases in the area. In September 2001, the USG signed a letter of agreement with the GOB dedicating USG funds specifically to this project, which the GOB began to use to further expand “Operation COBRA.” The Amazon Surveillance System (SIVAM), which will provide an integrated air- and land-based radar system, is scheduled to be operational in mid-2002.

Following a recommendation from U.S.-GOB law enforcement talks in Brasilia in December 2000, a special arms trafficking subcommittee of U.S. and GOB representatives met in April and August, which included visiting officials of the U.S. Bureau of Alcohol, Tobacco, & Firearms (ATF).

PROERD, the Brazilian DARE (Drug Abuse Resistance and Education) program, is the largest such program outside of the U.S. Actively endorsed by the GOB, it offers the Brazilian community education and a positive view of the uniformed Brazilian military police, and gives the USG a vital link to the Brazilian military police throughout Brazil, at all levels. Most of the funding for PROERD is provided by the GOB at the state level, but the U.S. will continue to provide assistance to sponsor PROERD in Brazil.

SENAD proposed a program to enhance counternarcotics network connectivity with the purchase and installation of computer equipment in all the Brazilian state capitals, to be financed by the USG.

**The Road Ahead.** The planning and implementation of the ambitious Operation COBRA in northern Brazil demonstrates that the government of Brazil is serious in its commitment to combat trafficking and production of illegal drugs. Further signs of Brazil’s strong commitment to combating drug trafficking would include passage of omnibus counternarcotics legislation and pending legislation on serious crimes, including narcotics trafficking; continued high-level attention to counternarcotics efforts; increased funding of counternarcotics programs and law enforcement agencies; and continued interdiction efforts in the regions most exploited by international narcotics traffickers.

# Chile

## I. Summary

Chile is not a center of illicit narcotics production, but it is used as a transit country for cocaine and, more recently, heroin to the U.S. and Europe. Chile also is a source of essential chemicals for use in coca processing in Peru and Bolivia. During 2001, through close cooperation with neighboring countries, Chile achieved narcotics control successes, including seizures of Colombian heroin transiting Chile.

Chile is in the midst of a criminal justice system reform which should improve its ability to prosecute narcotics offenses. Although legislative reform is planned, Chile remains vulnerable to money laundering due to strict bank secrecy laws and inadequate anti-money laundering legislation. Chile is a party to the 1988 UN Drug Convention.

## II. Status of Country

Chile has a growing problem as a transshipment point for Andean cocaine to the U.S. and Europe. In the past two years, heroin has also appeared in Chile. Chile is not a drug producing country, aside from small quantities of marijuana destined for the domestic market. Although there have been successful raids on cocaine labs in Chile during the past year, Chile is not a substantial source of refined cocaine.

## III. Country Actions Against Drugs in 2001

**Policy Initiatives.** The Chilean Congress is working on a comprehensive revision of Chile's 1995 counternarcotics law. A draft law has been pending in the legislature since 1999, and there is increased likelihood that it will be passed in the coming year. The key elements of the draft law are enhanced anti-money laundering provisions, more flexibility in sentencing for crimes of possession (the current minimum sentence is five years regardless of the severity of the offense), and harmonizing the drug law with Chile's ongoing criminal justice system reform.

The National Drug Control Commission (CONACE) develops and coordinates the national drug plan. CONACE also coordinates all demand reduction activities.

**Accomplishments.** Chile is in the midst of an ambitious multi-year program (2000-2004) to replace an inefficient judicial-controlled, inquisitorial criminal justice system with a U.S. style adversarial system. The reform is being instituted gradually, with more of Chile's 13 regions adopting the reform each year. It began with two pilot regions in December 2000, and three more regions adopted the new system in October 2001. The Santiago region will be the final region to adopt the reform in 2004.

As part of the reform, a national prosecutor's office (Ministerio Publico or MP) has been established. The MP has set up a special unit dedicated to prosecuting narcotics trafficking offenses and will also be responsible for directing criminal investigations. The new justice system represents an important and ambitious modernization of the Chilean criminal justice system and should enhance the ability of the authorities to convict narcotics traffickers.

Chilean authorities have recognized the country's domestic trafficking problem, and there have been some high profile law enforcement operations targeting trafficking organizations. An ongoing police operation focused on drug trafficking in the "La Legua" neighborhood (which is the center of local narcotics trafficking in the Santiago area) has resulted in the arrest of more than thirty people, many of whom are members of extended families.

**Law Enforcement Efforts.** Chilean authorities have had success in interdicting narcotics transiting Chile. As increased attention is focused on the Andean source countries, narcotics traffickers are transporting

their product through Chile in an effort to take advantage of Chile's clean reputation. This strategy is based upon the presumption that flights and vessels originating in Chile are much less likely to be subject to close scrutiny by authorities in the United States or Europe than are flights and vessels Colombia, Peru or Bolivia.

Prior to 2000, no seizure of heroin was ever recorded in Chile. This situation has changed dramatically, and during 2000 Chilean authorities made six seizures totaling 25.4 kilograms of heroin. Those arrested included two Argentines, five Colombians, one Ecuadorian, one Spaniard, and one American. The frequency of seizures decreased in 2001, but the quantity of heroin seized went up. In two related seizures in June and July, authorities seized 33.3 kilograms of heroin and arrested 12 suspects.

Most of the shipments seized were destined for the United States. Besides seizures within Chile, there were substantial heroin seizures in the U.S. from flights originating in Santiago, including the seizure of 23.2 kilograms of heroin and the arrest of six Argentines and one Chilean since September 2000 in six different incidents. The presence of multi-national couriers transiting and organizing in Chile suggests that this is not a small scale, home grown activity but rather is being controlled by international cartels.

Chile is beginning to have a small-scale problem with domestic cocaine labs. Chile has had law enforcement successes against the labs, with the highest profile seizure occurring in June 2001, when Chilean authorities raided and dismantled a medium size drug production lab in Melipilla, about one hour from Santiago. The raid was the follow-on to the interception by Chilean authorities, working with Peruvian and U.S. agents, of 51 kilograms of cocaine coming into Chile.

**Corruption.** Corruption among police officers and other government officials is not a major problem. When officials have been accused of corruption, GOC institutions have investigated the allegations and imposed appropriate sanctions.

**Agreements and Treaties.** Chile is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, the 1961 UN Single Convention on Narcotic Drugs, and the 1972 Protocol amending the Single Convention. Chile signed the UN Convention against Transnational Organized Crime on December 13, 2000. The U.S.-Chile extradition treaty was signed in 1900, and extraditions from Chile under this outdated instrument are extremely difficult. Two particular problems in extradition cases are the extremely high evidentiary requirements imposed by Chilean courts in extradition hearings and the lack of a Chilean government entity to represent the requesting foreign state. The representation problem will be remedied when the judicial reform is fully implemented in 2004, at which time the MP will take on this role.

The U.S. and Chile entered into an agreement concerning cooperation to suppress the processing, trafficking, consumption and export of narcotic drugs in 1994. In August 2000, Chile and the U.S. signed a new letter of agreement, under which the U.S. is providing counternarcotics/anticrime assistance to Chile. Chile has similar agreements in force with the Argentina, Austria, Bolivia, Brazil, Colombia, Costa Rica, Croatia, Cuba, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, Russia, Singapore, South Africa, Uruguay, and Venezuela.

Multilaterally, Chile is an active member of the Inter-American Drug Abuse Control Commission (CICAD) and a strong supporter of efforts to promote an effective Multilateral Evaluation Mechanism (MEM). As a party to the 1988 UN Drug Convention, Chile continues to work towards compliance with its goals and objectives via amendments to its 1995 drug law.

**Drug Flow/Transit.** Chile is increasingly being used as a transshipment point for Andean cocaine destined for the U.S. and Europe. Traffickers from source countries make effective use of Chile's extensive airline connections and modern containerized cargo facilities at its ten ports. Illegal coca products enter principally from Peruvian and Bolivian land points, although Argentina is increasingly being used as traffickers look to identify new routes when the traditional ones are closed. Complicating the challenge to Chilean authorities are treaty provisions providing for inspection-free shipment of transiting cargo originating in Bolivia and Peru.

**Domestic Programs (Demand Reduction).** The Chilean public is concerned about rising drug use and distribution and associates these problems with rising street crime. CONACE's last comprehensive survey was conducted in 2000, and it demonstrates rising domestic drug use. According to the study, 6.3 percent of the population (83,000) had used illegal drugs in the past year and 3.1 percent had done so in the pre-survey month. In 1998 these numbers were 5.3 percent and 2.2 percent. Notably, use of illegal drugs among females between the ages of 12 and 18 is now almost equal with male teens. The most prevalent drug (90 percent) is marijuana. According to CONACE, 15 percent of drug users are cocaine users. NGOs are active in rehabilitation and education efforts, often with small grants from CONACE as part of a decentralized decision-making initiative, and Chilean schools incorporate drug education in their curricula using course materials designed by the NGO community. Even so, demand reduction budgets and programs are lagging behind the rise in domestic drug use.

#### IV. U.S. Policy Initiatives and Programs

**U.S. Policy Initiatives.** U.S. support to Chile in 2001 reinforced ongoing joint U.S.-Chilean priorities in six areas: 1) training for prosecutors, police, judges and public defenders in their role in the reformed criminal justice system; 2) money laundering; 3) enhanced police investigation capabilities; 4) demand reduction; 5) diversion of precursor chemicals; and 6) transshipment of illegal substances using containerized cargo.

**Bilateral Cooperation.** During 2001, the U.S. government pursued numerous initiatives based upon the above priorities. These included: a U.S./Chile letter of agreement (LOA) to provide U.S. support to the ongoing criminal justice reform; several training courses for Chilean judiciary officials, prosecutors, and public defenders; visitor programs for Chilean local officials to observe U.S. demand reduction programs and a drug prevention roundtable in Santiago with Ohio First Lady Hope Taft, who is an advisor to the U.S. Office of National Drug Control Policy (ONDCP).

**The Road Ahead.** In 2002, the U.S. government will continue to support Chilean efforts to combat the narcotics-related problems listed above. Since the criminal justice system reform is an ongoing process, the U.S. plans to continue to provide capacity-building assistance, including a course for the Chilean police on investigation techniques and evidence collection. Efforts to enhance the counternarcotics capabilities of the Chilean police pursuant to the LOA will continue. U.S.-funded courses provided by the IRS on money laundering, U.S. Customs on narcotics interdiction, and the DEA on essential chemical diversion are all expected to take place in 2002. U.S. support to build a private sector/media counternarcotics alliance will also continue.

# Colombia

## I. Summary

Colombia is the world's leading producer and distributor of cocaine and a significant supplier of heroin to the United States. The drug trade partially finances the hemisphere's oldest and largest terrorist group, the Revolutionary Armed Forces of Colombia (FARC), which exerts influence over a large area in southern Colombia. Some elements of the FARC have gone beyond merely "taxing" the drug trade and have taken direct steps to control local base markets. At least one FARC unit has served as a cocaine source of supply for at least one international drug trafficking organization. The paramilitary organization known as the United Self Defense Forces of Colombia (AUC) has also maintained a significant stake in the drug trade, expanding its influence from its traditional base in the north to many areas in the coca-rich south that were previously controlled by the FARC. At the time of INCSR publication, the Pastrana administration, approaching the final months of its term, had suspended its grant to the FARC of a demilitarized zone ("despeje") and was engaged in efforts to reestablish GOC control of the area. Citing the FARC's repeated acts of terrorism and use of the despeje for the pursuit of illicit activity, President Pastrana decided not to continue the peace process with the FARC on February 20. The GOC and the National Liberation Army (ELN) have agreed to a six-month timetable which calls for a "peace conference" in Havana in January 2002, followed by four thematic fora in European capitals. The two sides have tacitly agreed to use the next six months to set the stage for further peace talks in the next administration, after August 2002.

To address the needs of the region more comprehensively, the Bush administration in 2001 proposed the \$1 billion Andean Regional Initiative, of which \$645 million will be used to fund the Andean Counterdrug Initiative (ACI). The ACI will sustain and expand the counternarcotics programs begun under Plan Colombia while increasing counternarcotics-related law enforcement and alternative development support to other countries in the region threatened by narcotics trafficking.

The first phase of Plan Colombia operations, in the southern departments of Putumayo and Caqueta where the majority of illegal crops are cultivated and the presence of armed illegal groups is strongest, yielded many positive results. The three battalions of the new Counterdrug (CD) Brigade destroyed hundreds of cocaine base laboratories, seized thousands of gallons of precursor or essential chemicals, and destroyed a 40-kilometer road potentially used to transport drugs and chemicals. The GOC signed alternative development/voluntary eradication pacts with 37,000 small farmers for the elimination of as many hectares in Putumayo. Resources with which to implement those pacts began arriving in mid-2001.

For the first time in history, the GOC permitted aerial coca eradication in southwestern Putumayo, the densest area of coca cultivation in the world. In joint operations with the Colombian Army, the U.S.-supported Colombian National Police (CNP) Antinarcotics Directorate (DIRAN) sprayed approximately 84,250 hectares of coca nationwide—nearly twice as much as the yearly total in 2000. The DIRAN also sprayed 1,819 hectares of opium poppy in one northern and three southern departments.

Colombia is a party to the 1988 UN Drug Convention.

## II. Status of Country

Colombia remains the world's largest cocaine base producer, with over 580 metric tons produced in 2001 from indigenous coca. Up to three-quarters of the world's cocaine hydrochloride (HCl) is processed in Colombia from cocaine base imported from Peru and Bolivia and locally grown coca. Although estimates were not available at the time of publication, it is likely that the coca crop increased in 2001—with most of the increase occurring outside of the eradication areas. Coca cultivation has steadily increased over the last three years, though at a lessening rate: 28 percent in 1998, 20 percent in 1999, and 11 percent in 2000.

Colombia is also a significant supplier of heroin to the United States. Although it supplies only about two percent of heroin worldwide, virtually all of the approximately eight metric tons it produces yearly is destined for the U.S.

### III. Country Actions Against Drugs in 2001

**Policy Initiatives.** In the calendar year 2001, the number of extraditions skyrocketed, with 26 fugitives, including 23 Colombian nationals, extradited to the U.S. and eight more in the final stages of removal, an increase of nearly 700 percent over the prior three-year period. Among those extradited to the United States in 2001 were drug kingpins Alejandro “Juvenal” Bernal-Madrigal and Fabio Ochoa-Vasquez, former associates of the notorious Pablo Escobar. Dozens more are currently under arrest and awaiting approval for extradition. The increase in extraditions reflects renewed political will on the part of the Colombian authorities and the strong bilateral relationship between the United States and Colombia. Many of the extraditions were the result of unprecedented bilateral investigative efforts.

The Asset Forfeiture Unit of the Prosecutor General’s Office continued to work with the U.S. Departments of Justice and the Treasury to freeze and seize Colombian bank accounts used to launder drug proceeds related to U.S. investigations and to seize property associated with illegal funds. Although much property has been seized, there are only a handful of final forfeiture judgments to date.

USAID is supporting the peace process by backing activities that promote a culture of non-violence in Colombia and facilitate work at the negotiations table. In connection with this effort, USAID has signed a Cooperative Agreement with a public international organization to facilitate technical assistance to the GOC’s Office of the High Commissioner for Peace and to manage grants to U.S. and local non-governmental organizations (NGOs) and universities dedicated to undertaking research, conducting training, and implementing peace-related projects in Colombia. As of December 2001, close to \$1.9 million had been disbursed to 16 Colombian private and public organizations.

The third of three battalions in the Colombian Army’s Counterdrug (CD) Brigade (created in 1999) became operational in 2001. The Brigade now numbers approximately 2,800 troops, including its support battalion. Planning has begun for a second CD Brigade, which will enable the Army to simultaneously conduct operations in more than one part of the country.

Since the 1997 signing of the USG-GOC shipboarding agreement, in which the process for approving the boarding of Colombian ships in international waters by U.S. officials was streamlined, and the September 1999 Standing Interdiction Operations Plan, cooperation with the Colombian Navy (COLNAV) and Coast Guard has been enhanced, and maritime counternarcotics efforts have increased.

The Colombian Air Force (FAC) continued to improve its air space monitoring and interdiction capabilities. A new radar facility was installed in Tres Esquinas for use by the Joint Task Force South and its Joint Intelligence Center. In April, however, sharing of data from the ROTHOR system (Relocatable Over the Horizon Radar), used to track suspected drug trafficking aircraft, was suspended as a result of the erroneous shutdown of a civilian aircraft in Peru.

The DIRAN, with U.S. support, implemented an Airmobile Interdiction project, which provides the DIRAN with elite units to conduct interdiction activities. One company was trained in 2000. Two additional companies were formed in 2001, although equipping and training will not be completed until 2002. The Airmobile Interdiction Company conducted over 30 operations against narcotics targets, resulting in the destruction of HCl laboratories and associated narcotrafficking infrastructure. Two intelligence/surveillance aircraft were made available to the DIRAN in 2001, greatly enhancing its capability to support counternarcotics interdiction and eradication operations, including narcotics interdiction operations of the Colombian military. With the additional operational units supported by Plan Colombia emergency supplemental funds, the DIRAN has continued its outstanding record of drug interdiction and eradication.

The U.S.-supported DIRAN aerial eradication program, bolstered by four additional OV-10 spray aircraft, had a very successful year. Operations took place out of the permanent Forward Operating Locations (FOL) in Larandia and San Jose de Guaviare, as well as from temporary bases in Cucuta, Bucaramanga, Tumaco, and Pasto. The DIRAN sprayed a total of approximately 84,250 hectares of coca and 1,819 hectares of opium poppy. The total for coca is the highest ever, and close to twice as much as in 2000. In a very successful joint operation with Colombian military forces, spraying took place for the first time ever in Putumayo Department, with approximately 25,000 hectares sprayed there and in neighboring Caqueta between December 22, 2000 and February 6, 2001. Assessment of the actual results of the aerial eradication program to date is yet to be finally determined; however, all agree that in the absence of aerial eradication, the coca harvest in Colombia would have been significantly greater. The presence of ground troops resulted in far fewer ground fire attacks on spray planes than expected, although ground fire continues to be a recurring threat.

The only active ingredient in the herbicide used in the aerial eradication program is glyphosate, one of the most widely used agricultural herbicides in the world. It has been tested widely in the United States, Colombia, and elsewhere in the world. It is mixed with water and one adjuvant, Cosmo-Flux 411F. The U.S. Environmental Protection Agency (EPA) approved glyphosate for general use in 1974 and re-registered it in September 1993. It is approved by the EPA for use on cropland on which numerous crops are grown, forests, residential areas, and around aquatic areas. In its latest comprehensive review of studies on glyphosate, the EPA concluded that proper use of glyphosate would not cause serious or long-term adverse effects in humans. Though there are some risks of eye or skin irritation, this is only in cases of direct exposure, not spray drift, and even then symptoms are short-term and reversible. With respect to environmental impact, glyphosate is not persistent in soil, does not build up after repeated use, and is biologically degraded readily by soil microbes. Because it bonds tightly with the soil, glyphosate is unlikely to leach into underground drinking water.

Cosmo-Flux 411F is an adjuvant that increases the herbicide penetration through the waxy layer of the coca leaf by allowing more of the spray to stick to the plant. Cosmo-Flux 411F is produced in Colombia, where the Ministry of Health has classified it as lightly toxic. This product is not registered in the United States. It should be noted that the EPA does not regulate adjuvants because adjuvants are not pesticide products as defined by the Federal Insecticide, Fungicide, and Rodenticide Act. However, the EPA has examined the ingredient list of Cosmo-Flux 411F and determined that the ingredients of Cosmo-Flux 411F are listed in 40 C.F.R. 180.1001, and that they are acceptable for use on food products when the label instructions are followed.

USAID's alternative development program complements the interdiction and forced aerial eradication components of the USG-GOC counternarcotics strategy. It seeks to increase legal economic opportunities that will result in their permanent abandonment of illicit crop cultivation. The initial focus of these efforts in 2000 and 2001 was in Putumayo Department, where the first resources were delivered in mid-2001. The challenges in Putumayo, however, are formidable: a large terrorist presence and inadequate infrastructure to support the projects. Early indications are that alternative development efforts in southern Colombia might be better concentrated in neighboring departments where viable economic activities already exist.

**Accomplishments.** In 2001, the CNP reported the seizure of 57.3 metric tons of cocaine HCl, 26.7 metric tons of cocaine base and (semi-refined) basuco; 796 kilograms of heroin; and 80.44 metric tons of marijuana; Colombian authorities arrested 15,832 persons for drug-related offenses in 2001.

The DEA's "Operation White Horse" won the Attorney General's Award in 2001 for its months-long investigation of the Salazar-Maldonado heroin trafficking organization, which led to a simultaneous international takedown in which 68 members of the organization (involved in every aspect of trafficking, including transportation, distribution, and money laundering) were arrested and 4.1 kilograms of heroin and over \$40,000 were seized. Operation White Horse was a joint or at least coordinated effort with each country's information leading to greater success in the other country and a joint takedown/arrest. Shortly afterward, nearly 10 kilograms of heroin were seized and Silvio Ricautti Cundami-Lasso was arrested. He

was a member of the Humberto Jaraba-Angel transportation organization affiliated with Operation White Horse target Wilson Salazar-Maldonado. In a subsequent Operation White Horse operation in March, the CNP arrested 11 additional individuals, associated with the Humberto Jaraba-Angel and the Salazar-Maldonado organizations, who had been shipping heroin from Colombia to the U.S. via Panama and Mexico.

In April, another months-long joint effort between the DEA's Bogotá office, the CNP, and the Colombian Army culminated in the Army's capture of Luis Fernando Da Costa, aka Fernandinho Beira Mar, a close ally of Tomas Molina-Caracas and the leader of a major Brazilian cocaine and weapons smuggling organization. The GOC deported Da Costa to Brazil, where he is being held on drug trafficking and murder charges.

As a result of information developed by the DEA's Barranquilla office and the CNP's Sensitive Investigations Unit (SIU), elements of the CNP/SIU seized approximately \$35,000,000 in two apartments in Bogotá in August. The cash was identified as belonging to DEA fugitives (and twin brothers) Miguel Angel and Victor Mejia-Munera.

Although USAID's Alternative Development (AD) program began only in August 1999, some results have already been achieved. To date, 21 voluntary elimination agreements have been signed with small farmer associations in poppy growing areas in the Colombian departments of Tolima, Huila, Cauca, and Narino, resulting in the elimination thus far of 680 hectares of poppy, benefiting an estimated 1,740 small farm families. Under the poppy program, 1,070 hectares of licit crops have been supported. Since Plan Colombia funds were obligated initially in September 2000, 33 voluntary elimination agreements have been signed with 37,000 families in Putumayo for the elimination of as many hectares of coca. By year's end, 70 hectares of coca had been voluntarily eradicated. A hearts of palm canning plant has been completed in Puerto Asis and a road improvement project is underway in Puerto Guzman. Forty social infrastructure projects, responding to community priorities and reinforcing improved municipal management, are being implemented in Putumayo and Caqueta, 39 under the Local Governance Program and one under the Alternative Development Program. Two U.S. contractors—Chemonics for agriculture and Associates in Rural Development (ARD) for municipal development—are active in Putumayo.

The security threat and lack of viable economic infrastructure in Putumayo pose formidable obstacles to the long-term likelihood of success of alternative development in Putumayo. Early evidence indicates that many growers, faced with the option of moving to legal crops or continuing to grow coca, have opted to continue with the most viable cash crop—coca. Barring a dramatic shift in circumstances in Putumayo, this election may be the one most growers make. The GOC and USG are now considering the possibility of focusing future AD efforts in neighboring departments where a greater number of legal economic activities already exist and have shown a potential for success.

Cooperation between and among the various branches of the Colombian armed forces and the police continued to improve. As in 2000, all of the armed forces conducted unilateral and joint counternarcotics operations with the police, deploying in areas where police face a significant terrorist threat. Further, the CNP and the Army participated in intensive joint sustainment training to maintain the skills of the army's new Counterdrug Brigade, which has conducted operations in the coca-growing regions of southern Colombia (Caqueta, Putumayo, and Amazonas departments). The CNP and the Colombian Army have also been working together on tactical operations that involve the CD Brigade. The Joint Intelligence Center (JIC) in Tres Esquinas includes personnel from the military and the police.

In addition to supporting DIRAN aerial eradication, JTFS conducted more than 220 interdiction operations aimed at targeting drug trafficking infrastructure in southern Colombia in areas controlled by the FARC and AUC. JTFS was supported by 33 U.S. UH-1N helicopters which flew a total of 14,675 sorties, carried 26,659 passengers, transported 517,880 pounds of cargo, and performed 86 medical evacuations in support of JTFS operations. The aircraft were struck 50 times by small arms fire from "narcoterrorists" attempting to disrupt counternarcotics operations.

JTFS conducted several notable operations in Phase I. The CD Brigade's presence during the first seven weeks of spraying in Putumayo was widely viewed as the reason that there were only six incidents of ground fire impacts against spray planes—far fewer than expected in a zone with such a high presence of armed illegal groups. The Brigade also identified and destroyed a FARC-built 40-kilometer road potentially used to transport drugs, weapons, and essential chemicals to and from Ecuador, including seven abandoned FARC base camps along the corridor. In a joint CD Brigade-12th Brigade operation in a stronghold for the three FARC fronts most heavily involved in drug trafficking, JTFS forces destroyed several more abandoned FARC base camps. In August-September the CD Brigade dealt a serious blow to FARC drug trafficking infrastructure in Putumayo near the Ecuador border, a center of operations for the FARC 48th Front and a key drug corridor for the movement of precursor chemicals, drugs, arms, and explosives to and from neighboring Ecuador, where the Brigade destroyed a FARC-operated oil refinery capable of producing 2,000 gallons of gasoline a day for use exclusively in the production of coca base.

JTFS operations were directed at all drug producing/trafficking groups—guerrilla and paramilitary. In May, CD Brigade units clashed with AUC forces in Caqueta, resulting in 11 paramilitaries killed in action. The paramilitary forces had been engaged in drug trafficking activity and extortion of the local populace. This was the biggest blow by Colombian Army forces to the AUC in all of Colombia since the founding of the AUC.

In these operations in Phase 1, JTFS forces destroyed 20 cocaine HCl labs, 700 coca base labs, 167 kilos of cocaine HCl, and 2,951 kilos of coca base. They seized 291,603 gallons of liquid precursor chemicals, 406,914 kilos of solid precursor chemicals, 117 vehicles, and a great deal of drug processing equipment such as microwave ovens. One hundred sixty-eight FARC and AUC members were killed in action; 435 were captured.

Although JTFS forces suffered some setbacks in Phase I, overall their accomplishments were extremely impressive, and their motivation and dedication to counternarcotics operations continues to be high. Increased emphasis on human intelligence, and more funds for the CD Brigade to purchase informants, would build on this success, since such intelligence was the critical factor in almost all of the cocaine HCl labs they destroyed. Transport aircraft dedicated to JTFS, and the construction of temporary living facilities at CD Brigade forward operating bases, would further increase operational effectiveness.

The year 2001 saw substantial improvement in the maritime agreement's intelligence and communications exchange process. JIATF-East has established direct communication links with Colombian Navy operations centers in Bogotá, Bahia Malaga, and Cartagena to speed the transfer of tactical interdiction information. The Colombian Navy also improved its own ship-to-shore communications in 2001.

Colombian Navy (COLNAV) and Marine (COLMAR) forces achieved significant results in 2001. JTFS intelligence officials estimate that some 60 percent to 70 percent of drug material moves through southern Colombia by way of the rivers, and all 20 of the cocaine HCl labs destroyed by JTFS were located on or near a river. Operation Tsunami and others in the southwest region verified the presence of significant coca production in the region and provided a government presence that citizens had not witnessed for some time. Other operations (some in cooperation with other agencies under the 1997 Maritime Agreement) led to the capture of over 37 tons of cocaine. The COLNAV continues to contribute to the seizures of more than 50 percent of all illegal narcotics shipments. Additional riverine units and more Colombian Army and COLMAR joint operations would increase JTFS effectiveness in combating drug trafficking in the south.

The Juanchaco (Bahia Malaga) airport was reopened for military flights. COLNAV received the final of four Point Class vessels and three riverine patrol boats. COLNAV announced the reorganization of COLMAR with a final end-strength in five years of 25,000 Marines. There was continued improvement in the intelligence and communications exchange process and in operations with JIATF-East. COLNAV implemented significant improvements and reorganization of its Bogotá operations center, as well as a regular deployment schedule for the frigates that provides for one frigate constantly in the Pacific area of operations. Regular "lessons learned" conferences are being held. U.S. Naval Forces South held the first

Operational Naval Committee meeting, setting the stage for further engagement with COLNAV. COLNAV fueling at sea initiative has progressed and is scheduled to be implemented in fall 2002. COLNAV also completed repairs to its German Type 209 oceangoing submarines and they are now available for full duty.

**Law Enforcement Efforts.** Training elements of the Department of Justice (ICITAP and OPDAT) have provided training in the U.S. and Colombia to about 400 prosecutors and investigators in money laundering, human rights, anticorruption, and counternarcotics issues. This training, which continued in 2001, establishes the mechanisms for joint and coordinated investigations and is emblematic of the extraordinary bilateral law enforcement relationship.

ICITAP and OPDAT worked with the Prosecutor General's Office to expand the National Human Rights Units. Eleven satellite units will be created in Cali, Neiva, Villavicencio, Medellin, Barranquilla, Bucaramanga, and Cucuta to create faster access to sites of human rights massacres/crime scenes.

ICITAP and OPDAT also provided the first phase of specialized training (in Colombia and the U.S.) to investigators and prosecutors in crime scene processing, forensic anthropology, blood stain evidence analysis, forensic identification, legal medicine, and interviewing techniques. The training will continue in 2002, and the units will receive crime scene processing equipment and response vehicles.

ICITAP is supporting the CNP, Prosecutor General, Department of Administrative Security, and Institute of Legal Medicine in the creation of a virtual crime laboratory as a core effort in U.S. assistance to the Colombian national and satellite Human Rights Units. Initially the focus is development of a forensic computer network that will allow the agencies to share investigative information related to document imaging and DNA, ballistics, and fingerprint identification systems. The project allows for considerable expansion in the future, both to other parts of the country and with respect to systems that can be connected. ICITAP is also working with Colombian law enforcement agencies on development of a unified investigator training academy, which will reduce the duplication of efforts that currently exists with four academies conducting similar training.

In 2001 the Department of Justice and the U.S. Coast Guard continued to work with the Prosecutor General and Colombian Coast Guard in maritime interdiction training, resulting in the unification of boarding procedures and evidence handling, which will ensure admissibility in any jurisdiction.

There were few significant changes in high-level law enforcement leadership in 2001. A new Prosecutor General and new chief of the Attorney General's Investigative Unit (the former chief of the DIRAN) were appointed. The effectiveness and commitment of law enforcement agencies remained high, as illustrated by the results of the interdiction and eradication operations, and the bilateral investigations mentioned above. Extradition, especially, has significantly improved, due in large measure to a steadfast political will to ensure that fugitives are brought to justice. As noted above, several of the most important law enforcement efforts focused on major drug trafficking organizations such as the Salazar-Maldonado organization and drug kingpins Alejandro Bernal-Madrigal and Fabio Ochoa.

**Corruption.** The Pastrana government has reiterated its continued opposition to official corruption. As a matter of policy, the GOC does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. Appropriate legislation has been enacted, including several sections of the new Colombian Criminal Code enacted in 2001, to combat money laundering and related illegal financial flows associated with narcotics trafficking, and a unit exists made up of officials of the Ministries of Justice and Finance to track the illegal flow of money. (Please see the Money Laundering section for specifics.)

To assist GOC anticorruption efforts, USAID is helping to strengthen the office of the Controller General, the National Auditor, and the Accountant General, as well as internal control units in targeted GOC entities to increase and improve financial and management audits. With USAID support, the Accountant General has issued an Executive Resolution that will require 3,000 GOC units to follow the standardized internal control process recommended by USAID. Also with USAID assistance, President

Pastrana signed a decree creating a “National System of Internal Control” across ministries and other national entities. As a result of the passing of this decree, by the end of FY 2005, internal audits will be established and implemented in 26 target GOC entities. Moreover, government and non-government oversight organizations are receiving assistance to develop and promote effective measures to prevent and combat corruption.

**Agreements and Treaties.** Colombia is a party to the 1988 UN Drug Convention and the GOC’s National Anti-Narcotics Plan of 1998 meets the strategic plan requirements of the Convention. Recent reforms have generally brought the government into line with the requirements of the Convention. Colombia is also a party to the 1971 UN Convention on Psychotropic Substances, the 1961 UN Single Convention on Narcotic Drugs, and the 1972 Protocol amending the Single Convention. Colombia signed the UN Convention against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons on December 12, 2000. In September 2000, Colombia and the United States signed an agreement formally establishing the bilateral narcotics control program. The agreement obligated U.S. funding for U.S. assistance in support of Plan Colombia.

The GOC and USG are also parties to a maritime shipboarding agreement signed in 1997, providing for faster approval for shipboarding in international waters and setting guidelines for counternarcotics cooperation with the Colombian Navy/Coast Guard. The agreement has fostered excellent cooperation between the Colombian Navy and the U.S. Coast Guard. Since October 1999 the Colombian Navy has authorized over 90 requests made to board Colombian vessels, which resulted in the seizure of over 65,000 pounds of cocaine. However, reduced budgets and competition for resources by the riverine programs has limited the Navy and Coast Guard’s counternarcotics capabilities.

**Cultivation/Production.** At the time of publication, crop information for 2001 was not yet available. The coca crop was estimated to be 136,200 hectares in 2000. Preliminary indications are that the 2001 crop will be larger. Opium poppy cultivation totals were not available either for 2000 or for 2001. The densest coca cultivation is in the departments of Putumayo and Guaviare, while most opium is grown in the mountainous regions of Tolima, Huila, Cauca, and Nariño.

United States Government (USG) coca yield and cocaine processing efficiency studies conducted in 1999 confirmed that the typical Colombian cocaine base processor is about 69 percent efficient in extracting alkaloids into cocaine base. This efficiency ratio, combined with crop estimates and leaf yield figures, confirmed Colombia’s potential cocaine base production in 2000 at 580 metric tons. The USG’s 2001 production estimates will be available in early 2002.

Colombia’s heroin production in 1999 was estimated at nearly 8 metric tons. No imagery-based crop estimate was possible in 2000 due to extensive cloud cover. The 8 metric ton figure, however, was based on the best information available at the time. The preliminary results from USG opium poppy yield and heroin processing efficiency studies conducted in 2001 indicate that previous estimates probably overstated Colombia’s potential heroin production capabilities. Revised Colombian heroin production estimates are expected in early 2002.

Colombia accounts for only about two percent of the world’s opium poppy, though nearly all the resulting heroin is destined for the United States. Heroin production in clandestine laboratories in Colombia appears to be limited based on the size of the laboratories seized to date. Laboratory seizures have shown that few such laboratories are capable of producing heroin in large quantities; an average heroin lab will produce one kilogram at a time, though not necessarily on a daily basis.

**Drug Flow/Transit.** Colombia is the center of the international cocaine trade. Colombian traffickers produce large quantities of cocaine base domestically and import it from Peru and Bolivia, then convert it to cocaine HCl at clandestine laboratories.

Colombia’s coastal regions, which extend from Panama to Venezuela in the north and from Panama to Ecuador in the west, continue to flourish as major transshipment points for bulk maritime shipments of cocaine and marijuana. The vast majority of the drugs shipped from the coastal regions originate from

production areas in the south central portion of the country as well as other less prolific growing areas in the northern third of Colombia. Most of the shipments are organized by the well-established trafficking organizations based in Cali, Medellín, Bogotá, and other cities throughout the country.

Fishing vessels transport large quantities of narcotics from Colombia to Mexico and other countries while en route to both United States coasts. They are often loaded/off loaded by go-fast boats operating from secluded coastal areas that rendezvous with the fishing vessels at sea. Fishing vessels have proven themselves to be well-suited for smuggling operations as they have the ability to remain at sea for long periods, transit vast distances, draw minimal attention, and hide among the vast numbers of legitimate fishing vessels.

Go-fast boats transport drugs directly from Colombia to Central America, Mexico, and Caribbean countries. The go-fasts hug the coastline as they move north to secluded off-loading sites, or transit directly to Caribbean islands that serve as transshipment points. Some trafficking organizations use refueling ships that re-supply the go-fast boats on the high seas, especially in the Pacific Ocean.

Commercial cargo ships also transport drugs from Colombia directly to the United States and Europe. The drugs are often hidden in containerized cargo, bulk cargo, or hidden compartments built into the ship, and are loaded/off-loaded both in port and by the use of go-fast boats while at sea. The highly successful U.S.-sponsored Port Security Program, however, appears to have significantly reduced this trafficking method.

In 2000, approximately 59 percent of the heroin seized by federal authorities in the United States—and submitted for DEA Heroin Signature Program analysis—was of Colombian origin. The DEA believes that the bulk of the Colombian heroin destined for the United States is smuggled via couriers on commercial airlines, or, increasingly, as air or maritime cargo. A recent trend is the transport of larger loads, some up to 20-30 kilograms. Most transportation routes stop in Central America, the Caribbean, and/or Mexico, where it is passed to a different courier who completes the delivery into the United States. The primary trafficking routes are through Venezuela, Argentina, Ecuador, Panama, and Mexico. Heroin seizures made by the Colombian National Police, with USG training and assistance, at Bogotá El Dorado International Airport during 2001, indicate that almost all heroin shipments were destined for the United States.

The most common smuggling method in 2001 was concealment inside false linings of clothing (either in luggage or worn by couriers). Other methods are shoes with false bottoms, ingestion, false-sided suitcases, and taping the drugs to the body. Couriers ingesting heroin swallow the drug, which has been compressed into 8 to 10-gram pellets sealed in latex or wax. The weight of the pellets is tailored to the size of the courier, but it is not uncommon for couriers to ingest over one kilogram of heroin.

**Domestic Programs (Demand Reduction).** The National Directorate of Dangerous Drugs (DNE) develops overall drug policy in Colombia, while a program within the Colombian Presidency, RUMBOS, manages prevention and demand reduction programs. RUMBOS was created in 1998 as a response to the growing problem of drug use in Colombia, especially among young males, ages 12-17. It works with other agencies to ensure that adequate treatment is available and directs a prevention/demand reduction program, which provides recreational activities for children and job training to young adults. It also assists departmental governments in creating local prevention programs, with 27 of Colombia's 32 departments now receiving assistance. Its public affairs efforts include counternarcotics billboards, radio and television spots, an Internet site, and a toll free telephone information line. The U.S. provided \$200,000 in assistance to RUMBOS in 2000.

#### IV. U.S. Policy Initiatives and Programs

**Policy Initiatives.** The U.S. continues to place its focus on institution building, especially within the law enforcement, military, and judicial systems.

The United States included the AUC (paramilitary organization) on its list of foreign terrorist organizations for the first time in 2001.

**Bilateral Cooperation.** The Department of Justice/Criminal Division coordinates the Justice/Treasury Justice Sector Reform Program in Colombia. USAID has supported several key Plan Colombia initiatives. It coordinates the USG's justice sector reform program in cooperation with the Department of Justice (OPDAT and ICITAP). It has supported the expansion of the "Casas de Justicia" (Justice Houses) program, which provides access to justice for poor and marginalized Colombians. Eighteen "Casas" have been established, which have handled an estimated one million or more cases benefiting more than 100,000 individuals, thus helping relieve the three million-case backlog in the formal judicial system. A total of 40 "Casas" will be established by the end of FY 2005. USAID and DOJ are also assisting Colombia's transition from a mixed inquisitorial/accusatorial system of justice to a more transparent and modern accusatorial one. USAID has trained 3,400 judges in oral trials, legal evidence, and labor procedures and established 13 oral trial courtrooms. DOJ (OPDAT and ICITAP) have trained prosecutors and police investigators in the accusatorial system and oral trials.

USAID works with the GOC in detecting and preventing human rights abuse, protecting human rights workers, and effectively responding to violations. In 2001, USAID worked with the National Ombudsman's Office to develop a human rights Early Warning System (EWS) as a means of preventing forced displacement and massacres, with \$2 million budgeted for this program. In 2001, the EWS central office was established, coordination was begun with police/military and other state actors, and risk assessments conducted in target regions. As of September 2001, 65 alerts were issued and 45 responded to by the GOC in 96 municipalities. USAID has also provided \$610,000 in grants to human rights NGOs.

USAID supports the Ministry of the Interior's Protection Program, which provides communications equipment, bullet proof vests, vehicles, and economic assistance to human rights workers, union leaders, journalists, and members of the Union Patriótica political party (the former political arm of the FARC, for which a GOC decree provides specific entitlement to protection due to its high risk of political persecution and assassination). As of December 2001, 1,253 individuals have received protection. USAID also provides policy support to the Office of the Vice-President (Presidential Program for Human Rights and International Humanitarian Law) in its role as the GOC leader on human rights and civil society issues.

Other new USAID programs focused on democratic local governance, with projects to strengthen the management and administrative capacities of local governments, to improve transparency, and to increase citizen participation, thereby enhancing accountability to citizens. Implementation has begun on 39 social infrastructure projects in Putumayo and Caqueta, and 39 citizen oversight committees have been trained with USAID support. In addition, in conjunction with alternative development activities, over 326 citizens in Caqueta and Putumayo have been trained on how to conduct social audits and use other constitutional mechanisms to oversee public administration practices.

Finally, USAID provides non-emergency support for internally displaced persons (IDPs) and other vulnerable populations, emphasizing the social, political, and economic incorporation of IDPs into mainstream Colombian society through programs and mechanisms at the municipal level. As of December, nearly 300,000 displaced people had received assistance in the areas of physical and mental health, community strengthening, income and employment generation, urban assistance (shelter, water, and sanitation), and education. Further, \$2.5 million is being spent to rehabilitate former child combatants. Over the next five years, these and similar activities will benefit more than 698,000 IDPs.

The U.S.-sponsored Port Security Program is a public-private partnership in which specially trained counternarcotics police carry out inspection and interdiction operations at four ports. Since 1998, port authorities have seized more than 31 metric tons of cocaine and 60 metric tons of marijuana, at very little cost to the USG. The U.S. has allocated approximately \$1,470,000 in "Plan Colombia" emergency supplemental funds for the program, which is being implemented by the U.S. Customs Service (USCS) in coordination with the Justice Sector Reform Program (JSRP) and the Embassy's Narcotics Affairs Section

(NAS). The U.S. Coast Guard is assisting as well. At the request of NAS, the USCS altered their plan to allocate \$1,100,000 for equipment purchases. The plan now consists of port security assessments and on-site advisory programs (which have begun and will continue on a rotating basis throughout 2002), the Industry Partnership Program (IPP) Assistance, and equipment purchases. The CNP, Prosecutor General, and port personnel still need additional training.

In the DOJ/Bureau of Prisons and NAS-sponsored Penitentiary Improvement Program, Picota and Valledupar prisons made significant progress in quality assurance: special aptitude, attitude, and honesty tests have been used when selecting personnel, those personnel received at least 150 hours training, the prisons have the equipment necessary to implement standard law enforcement procedures. Other prisons have been designed, and internal audits have been undertaken in order to identify areas for improvement.

The regular fiscal year appropriation for the Narcotics Affairs Section was \$105 million, with \$12.2 million going to support DIRAN air operations. The DIRAN Air Service consists of 64 helicopters and 23 fixed-wing aircraft. Aircraft are used in a variety of ways: spray planes are used to eradicate coca and poppy cultivations; larger fixed-wing aircraft transport cargo and personnel or perform counternarcotics-related intelligence and surveillance operations; and helicopters are used for transport and interdiction, or to escort and protect spray aircraft during eradication missions.

During 2001, the United States made available two new UH-60 (Black Hawk) helicopters to bring the DIRAN Air Service fleet to a total of eight; ten newly converted (i.e., upgraded from UH-1H) Huey II helicopters; and two C-26B reconnaissance/intelligence airplanes. In addition, the Air Service performed two Huey II conversions on UH-1H helicopters with U.S. funding. The Air Service, which is certified by Bell Helicopter to perform these modifications, is projected to complete three more such conversions in the first half of 2002.

The DIRAN Air Service also began taking strides toward building up its forward operating bases around the country, with the goal of decentralizing its operations and creating a more efficient and flexible response to counternarcotics mission needs. With assistance from the United States, planning has continued apace for the construction of infrastructure at several bases around Colombia. In November, the DIRAN named commanders for the new bases. The United States will install an instrument landing system at two forward bases and a precision approach path indicator at another; these systems will assist DIRAN and armed forces pilots in landing aircraft under difficult weather conditions. In addition, the United States is building a modern fixed-wing hangar at the DIRAN Air Service's El Dorado Base in Bogotá.

The United States made available 15 additional UH-1N helicopters to the Colombian Army early in 2001, bringing the total to 33. The COLAR supported the 33 UH-1N's with crews and mechanics, giving the CD Brigade an air mobile capability unprecedented in Colombia.

To improve maritime interdiction capabilities, the United States supplied a fourth 82-foot patrol boat with associated spare parts and training to Colombia through the Excess Defense Articles program.

**The Road Ahead.** Plan Colombia and the Andean Regional Initiative recognize the interrelated nature of Colombia's counternarcotics efforts and its peace process as well as its relationships with neighboring countries. The greatest challenges in 2002 will continue to be Colombia's three designated terrorist groups, the FARC, ELN, and AUC. These groups control much of Colombia's narcotics production and distribution, reaping enormous profits. An enhanced counter-terrorism program for Colombia in 2002 will reinforce Plan Colombia training efforts already begun, leading to still greater efficiency and professionalism in the Colombian armed forces, prosecutors, and law enforcement agencies.

As the drug profits of the terrorist groups increasingly come under threat by Plan Colombia-related programs, they can be expected to fight back violently, both on the ground and through their supporters in the political arena and in the media. This will call for a broader, intensified counternarcotics effort.

The aerial eradication program will expand in 2002 with the arrival of additional Plan Colombia-funded spray aircraft. The DIRAN, with U.S. support, plans to organize its aerial eradication program into four

Task Groups, each comprised of spray aircraft and escort helicopters, air crews, and a security unit. Two Task Groups will normally operate in southern Colombia. The other two will operate against smaller coca cultivations and opium poppy. The DIRAN also plans to complete the forward basing of two airmobile interdiction companies on the Caribbean and Pacific Coasts, and to construct an Antinarcotics Training Center to replace its Jungle School. The goals for aerial eradication in 2002 are 150,000 hectares of coca and 10,000 hectares of opium poppy. The Colombian military's counternarcotics role will broaden in 2002, as plans to institute a second Counterdrug Brigade progress.

Similarly, U.S.-funded equipment and training programs in the fields of justice and law enforcement begun in mid- and late-2001 should lead to greater professionalization in such areas as port security, prosecutor training, and investigations, which will allow Colombia to deal more effectively with narcotraffickers.

# Colombia Statistics

(1993–2001)

	2001	2000	1999	1998	1997	1996	1995	1994	1993
<b>Coca</b>									
Potential Harvest (ha)	TBD	136,200	122,500	101,800	79,500	67,200	50,900	44,700	39,700
Eradication (ha)	TBD	47,000	43,246	—	19,000	5,600	8,750	4,910	793
Estimated Cultivation (ha)	TBD	183,200	—	—	98,500	72,800	59,650	49,610	40,493
HCl: Potential <sup>1</sup> (mt)	580+	580	520	435	350	300	230	70	65
<b>Opium</b>									
Potential Harvest (ha)	TBD	—	7,500	6,100	6,600	6,300	6,540	20,000	20,000
Eradication (ha)	2,583	9,254	—	—	6,972	6,028	3,760	3,906	9,821
Estimated Cultivation (ha)	TBD	—	—	—	13,572	12,328	10,300	23,906	29,821
<b>Cannabis<sup>2</sup></b>									
Potential Harvest (ha)	5,000	5,000	5,000	5,000	5,000	5,000	4,980	4,986	5,000
Eradication (ha)	—	—	—	—	—	—	20	14	50
Estimated Cultivation (ha)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,050
Potential Yield (mt)	4,150	4,150	4,150	4,150	4,150	4,150	4,133	4,138	4,125
<b>Seizures<sup>3</sup></b>									
Heroin/Morphine (mt)	0.798	0.572	0.504	0.317	0.261	0.183	0.419	0.181	0.261
Opium (mt)	0.002	—	0.183	0.100	0.120	0.036	0.078	0.128	0.261
Cannabis (mt)	80	46	65	69	136	235	166	2000	549
Base/Basuco (mt)	26.70	—	9.00	29.30	10.00	17.50	19.50	32.00	10.40
Cocaine HCl <sup>4</sup> (mt)	57.30	69.00	22.73	54.70	34.00	23.50	21.50	30.00	21.76
Total HCl/Base (mt)	80.00	69.00	31.73	84.00	44.00	41.00	41.00	62.00	32.16
<b>Total Arrests</b>	15,832	8,600	—	1,961	1,546	1,561	1,745	2,154	2,562

<sup>1</sup> Newly acquired data from field surveys has resulted in revised leaf yield and HCl production estimates from 1995 on.

<sup>2</sup> Reported cannabis cultivation has not been confirmed by USG survey.

<sup>3</sup> Seizure data show combined CNP and military figures.

<sup>4</sup> Includes 24 metric tons of cocaine seized in maritime operations.

# Ecuador

## I. Summary

Ecuador is a major transit country for drugs and precursor chemicals. Armed violence on the Colombian side of Ecuador's northern border renders interdiction especially difficult. Police and military forces are working together to improve security and curtail drug trafficking in the border area, and the Ecuadorian government is giving greater attention to drug interdiction. Drug seizures, particularly of heroin, rose sharply in 2001. Ecuador's faulty judicial system and conflicting laws hamper prosecution of criminals. Ecuador has inadequate defense against money laundering. The USG is providing equipment, infrastructure and training to improve counternarcotics performance. U.S.-funded alternative development projects are improving community infrastructure in some of the most threatened northern areas.

Ecuador is a party to and has enacted legislation to implement the provisions of the 1988 UN Drug Convention.

## II. Status Of Country

A small country with three international airports and four major seaports, Ecuador shares porous borders with two of the world's largest narcotics producers: Colombia and Peru. Ecuador's public institutions are weak, corruption is a chronic problem and the financial system is poorly regulated. Entry and exit controls of persons and goods are undependable. A high level of poverty renders much of the population susceptible to illicit activities. Large-scale armed conflict in immediately adjacent areas of Colombia makes Ecuador's control of its northern border difficult. The national police (ENP) and military forces are inadequately equipped and trained to deal with a challenge of this magnitude. The Ecuadorian government (GOE) is very mindful of these deficiencies, but its ability to remedy them is hampered by shortages of resources, know-how and effective legal tools.

Drug traffickers assiduously exploit Ecuador's vulnerabilities. There is no evidence that illicit crops are cultivated to any significant degree in Ecuador, or that there is substantial processing of raw materials into market-ready drugs within the country. However, coca paste and base enter Ecuador from eastern Colombia (east of the Andes) and exit again to western Colombia (west of the Andes) for refinement. Cocaine HCL and heroin from Colombia and Peru are carried to Ecuador's ports for international distribution in volumes ranging from ingested individual loads of a few hundred grams to multi-ton sea shipments. The USG is working closely with the GOE to strengthen security in the northern border region and to interdict illicit drug-related activities. The USG made considerable progress in 2001 on construction of its forward operating location (FOL) at the Ecuadorian air base in Manta.

## III. Country Actions Against Drugs in 2001

Ecuadorian laws implementing the 1988 UN Drug Convention include criminalization of the production, transport, and sale of controlled narcotic substances; the import, transport and/or use of essential chemicals without an appropriate permit from the Ecuadorian national drug council (CONSEP); any attempt to conceal the profits from narcotics trafficking activities; the intimidation or corruption of judicial and public authorities in respect to drug crimes; and illegal association related to drug trafficking and profiteering.

**Policy Initiatives.** The 1999 national drug strategy published by CONSEP details the roles and responsibilities of Ecuadorian government agencies, including the armed forces, in relation to counternarcotics. Although military-police cooperation is a perennial problem in Ecuador, in 2001 the armed forces did support police counternarcotics activities. Military and police forces in the northern

border area were reinforced. Joint military/police task forces commenced operations in the three northern provinces, conducting regular joint patrols, floating checkpoints, and special operations. CONSEP completed the first draft of a revised organic drug law (law 108) to be considered by the legislature in 2002.

The counternarcotics directorate (DNA) of the national police, established in 1999, was increased to 942 members and was given its own line item in the draft 2002 national budget for the first time. Counternarcotics training was incorporated into the basic course for all new police recruits, and counternarcotics was made a distinct career track within the national police. The public prosecutor-general designated specific prosecutors in Quito and Guayaquil to work full-time on drug cases. The Ecuadorian government has completed plans for a national criminal justice university that is to include counternarcotics investigative and forensic schools. Funding for the university must still be identified.

With U.S. assistance, a new ENP cargo inspection facility at Manta port is scheduled for construction in 2002. Planning is underway for similar facilities at the major seaports of Machala and Esmeraldas, and for improvement of the inspection facilities in Guayaquil port. The national police intelligence data network linking the ENP's maritime cargo information center (SIPA), Ecuadorian customs, and key ENP offices is being strengthened and expanded.

**Law Enforcement Efforts.** Violence stemming from narcotics-related guerilla and paramilitary activity in southern Colombia continues to impact heavily on Ecuador's northern border area and makes the job of drug interdiction more difficult. Police working in the border area are subject to targeted attack; three were murdered in two attacks in Sucumbios province in the second half of the year, apparently in retaliation for their official acts. The special mobile counternarcotics group (GEMA) headquartered at Baeza was very active and effective throughout the northern region. Seizures of refined drugs rose substantially in 2001, probably reflecting both greater police effectiveness and a greater volume of drugs in transit. Cocaine HCL seizures rose from 1.72 metric tons in 2000 to 10.92 metric tons in the first 11 months of 2001. A disturbing trend is the sharp (over 100 percent) increase in heroin seizures for the second straight year, from 110 kilograms to 253.62 kilograms. Cannabis and coca base seizures declined. At year's end, a concerted campaign by the ENP and CONSEP in Sucumbios province brought significant seizures of illicit precursor chemicals and pointed out some shortcomings in CONSEP's regulatory regime, which will be corrected. Ecuador's imprecise, sometimes contradictory laws and undependable judicial system are not conducive to consistently effective prosecutions. The promulgation of a new code of criminal procedure in 2001 with inadequate advance preparation added an additional element of confusion to the law enforcement environment. Law enforcement and judicial authorities are trying urgently to gain control of this situation with the help of outside training and technical assistance from the U.S., UNDCP and others. The revised comprehensive counternarcotics law, when adopted, promises to correct major shortcomings of existing legislation.

**Corruption.** Ecuadorian government policy opposes the illicit production or distribution of drugs or other controlled substances, as well as the laundering of drug money. The 1990 drug law (law 108) provides for prosecution of any government official, including a judge, who deliberately impedes the prosecution of anyone charged under that law. A prominent case of alleged narcotics corruption was revealed late in 2001 when a national police investigation implicated General Abraham Correa, chief of police intelligence, in being associated with an accused drug trafficker. Allegations and charges against Correa have been widely publicized by the state prosecutor's office. Four lower-ranking members of the ENP are also accused of involvement in the trafficker's illicit activities. The highest officers of the ENP have publicly vowed to punish any ENP member found guilty of improper activities.

**Law Enforcement Cooperation.** In general, Ecuadorian law enforcement agencies cooperate well with U.S. and other foreign law enforcement agencies. Cooperation is improving steadily as the training of Ecuadorian personnel progresses. There are occasional delays in obtaining Ecuadorian government permission to board and seize Ecuadorian vessels engaged in illicit activities at sea. The USG and the GOE continue to strengthen their law enforcement relationships, develop information-sharing conduits,

and bolster interdiction cooperation. Cooperation between the USG and GOE in 2001 resulted in several successful drug interdiction operations and the dismantling of some international trafficking organizations.

**Arrests and prosecutions.** On November 26 the ENP arrested Jorge Hugo Reyes Torres, Ecuador's most notorious drug boss who was released from prison in February 2001 after serving more than eight years for drug trafficking. He is accused of being involved with his brother Ramiro in exporting 500 kilograms of cocaine monthly, chiefly to Spain. Although no drugs were found in Reyes Torres' possession, the ENP recovered about 76 kilograms of cocaine when Ramiro Reyes Torres and several other alleged gang members were arrested earlier the same day. The police claim to have good evidence implicating Jorge Reyes Torres in the operation.

There were no successful cases in 2001 specifically involving the financing of drug operations, although in the second half of the year the GEMA seized smuggled U.S. currency totaling over \$1.5 million that is believed to have been related to drug sales.

**Agreements and Treaties.** The U.S.-Ecuador extradition treaty is outdated, although it was used successfully in 2001 to extradite an Ecuadorian fugitive from the U.S. to Ecuador. There have been some preliminary talks about its possible revision or replacement, but no progress appears likely until the issue of extradition of nationals is resolved. The Ecuadorian constitution prohibits the extradition of Ecuadorian nationals. Ecuador is a party to the 1988 UN Drug Convention and has a narcotics law that incorporates its provisions. The USG proposed a maritime counternarcotics bilateral agreement in 1994 pursuant to the provisions of the 1988 UN Drug Convention, but little progress has been made in discussing such an agreement. Ecuador is also a party to the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and the 1971 UN Convention on Psychotropic Substances. Ecuador signed the UN Convention against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, and the Protocol against the Smuggling of Migrants on December 13, 2000, and it signed the protocol against the Illegal Manufacturing of and Trafficking in Firearms on October 12, 2001. Ecuador is also a party to the Inter-American Convention against Corruption and in 2001 signed the consensus agreement on establishing a mechanism to evaluate compliance with the Convention.

The GOE agreed in 1999 to permit the USG to operate a forward operating location (FOL) at the Ecuadorian air force base in Manta. The FOL is used for counternarcotics surveillance.

The GOE is a strong supporter of regional cooperation and has signed bilateral counternarcotics agreements with Colombia, Cuba, Argentina and the U.S., as well as the Summit of the Americas money laundering initiative. Ecuador is a member of the Inter-American Drug Abuse Control Commission (CICAD) and has signed the OAS/CICAD document on a counternarcotics hemispheric strategy.

In 1991, the GOE and the USG entered into an agreement on measures to prevent the diversion of chemical substances. In 1992, the two governments concluded an agreement to share information on currency transactions over \$10,000.

The GOE has met the requirements of annual agreements with the U.S. concerning the provision of assistance for anti-narcotics activities. In 2001, the government provided space to improve or create new cargo inspection facilities at the major seaports with U.S. assistance and funding. Space has also been provided to upgrade and increase the number of highway checkpoints in the northern border region. The U.S. and the GOE are discussing measures to improve Ecuadorian controls over the entry and exit of persons, strengthen safeguards against terrorism and illegal migration and help in counternarcotics interdiction.

**Cultivation/Production.** Joint police/military patrols, including 20 special targeted missions based on imagery analysis, found only three sites with a combined total of 5.5 hectares of cultivated coca in Sucumbios province in 2001. The crops were eradicated in the presence of a public prosecutor as the law requires. Judging from experience to date, coca cultivation is not currently a significant problem in Ecuador. Ecuadorian authorities found and destroyed four cocaine HCL laboratories of small to moderate

size this year. The absence of large operational laboratories indicates that cocaine HCL production is not substantial in Ecuador, although existing conditions suggest that this is a potential future threat.

**Precursor Chemical Control.** Law enforcement officials generally believe that the illicit traffic in chemicals in Ecuador is greater than indicated by the relatively small volume of chemicals seized. In 2001 a large seizure of solvent diverted directly from an Ecuadorian state petroleum refinery pointed to the need for greater control over in-country precursor production. It also revealed that the government's controlled chemicals list is outdated and inadequate. The USG, UNDCP, and other cooperating governments are increasing their training and technical assistance efforts in this area. Ecuador continues to meet the objectives of the 1988 UN Drug Convention, and has signed a cooperative agreement with the EU. At times, however, CONSEP does not place enough emphasis on conducting evaluations in a timely manner, particularly with respect to cooperation with priority queries from other countries.

The USG and the GOE have signed an agreement in which DEA notifies CONSEP in advance of pending chemical shipments. These notices are then passed on to port inspectors, who readily seize all controlled chemicals which enter the country without proper documentation or when the quantity surpasses that which was authorized by CONSEP. Both CONSEP and police records are available to the DEA as they relate to narcotics or controlled chemical seizures.

**Demand Programs (Demand Reduction).** The most recent comprehensive national survey of drug use in Ecuador, in 1998, revealed that four percent of the respondents admitted having used illicit drugs at least once in their lifetimes. Prevention of domestic drug abuse is an integral element of the Ecuadorian government's drug strategy. National prevention activities are conducted primarily through the schools and supported by foreign donors. In 2002, the Ministry of Education budget will provide for an expanded prevention program funded with GOE revenues. All public institutions, including the armed forces, are required to have abuse prevention programs in the workplace. The national police have ordered materials to begin random drug testing of ENP personnel.

**Regional Coordination.** Ecuadorian security officials in Sucumbios province hold periodic coordination meetings with their counterparts from neighboring, strife-ridden Putumayo Department in Colombia. The Ecuadorian police are developing operational and intelligence communications plans that provide for compatibility with other police agencies in the region to facilitate a rapid exchange of information.

**Alternative Development.** In 2000, the GOE created a new agency for northern border development (UDENOR) to coordinate economic and social development programs in the country's most vulnerable region, where central government presence and attention historically have been slight. UDENOR is active in seeking donor assistance for the government's four-year, \$465 million northern development master plan. The plan aims at "preventive" rather than "alternative" development, since illicit crop cultivation is not currently significant in the area but is a severe problem in the immediately adjacent region of Colombia.

## IV. U.S. Policy Initiatives and Programs

U.S. counternarcotics assistance to Ecuador aims at improving the professional capabilities, equipment and integrity of police, military and judicial agencies to enable them to counter illicit drug activities more effectively. An initiative begun in 2001 seeks to strengthen the security of the northern border region. Ecuadorian army units in the northern border area are being supplied with tactical radio communications and ground vehicles. A new, major police base will enable the ENP to maintain greater presence in Sucumbios province.

U.S.-funded alternative development programs are working to improve basic infrastructure in poor communities in the northern border area. A larger, follow-on program, to begin in 2002, will include substitute crop development projects, additional infrastructure work, and work on strengthening democratic institutions in the northern provinces.

In 2001, the USG provided joint training in the U.S. for 30 police and military personnel in counternarcotics operations. A six-month program in 2001-2002 is developing an investigations training curriculum and is “training trainers” for the judicial police. U.S. military and customs teams trained the special mobile counternarcotics group (GEMA) in highway and field interdiction and inspections. These kinds of training are planned to continue and to expand in following years.

Police seaport inspection facilities and highway checkpoints, constructed and improved with U.S. assistance, enhance police capabilities to interdict drug shipments in transit. An improved intelligence data communications network and upgraded radio communications accelerate access to and exchange of essential information among police units.

All initiatives and strategies are jointly planned and coordinated with the GOE and are formalized in annual letters of agreement under which the USG grants assistance to the GOE.

**The Road Ahead.** The USG will seek improved performance in military/police collaboration, seaport control, and highway interdiction through the provision of expanded training and essential infrastructure and equipment. U.S. assistance programs for drug interdiction, security and alternative development will target the northern border. Increasing emphasis will be given to the prevention of money laundering and the interdiction of illicit chemical precursors.

# *Ecuador Statistics*

*(1993–2001)*

	2001	2000	1999	1998	1997	1996	1995	1994	1993
<b>Seizures</b>									
Cocaine (mt)	10.92	1.72	9.24	10.770	2.160	9.800	4.400	2.186	1.039
Base, paste (mt)	1.32	1.60	0.93	0.690	1.605	0.530	0.250	0.192	0.335
Cannabis (mt)	3.08	18.26	2.98	17.730	0.022	0.200	0.200	0.131	0.183
Heroin (mt)	0.25	0.11	0.08	0.053	0.034	0.070	0.053	0.024	0.027
<b>Labs Destroyed</b>									
Cocaine	4	0	2	2	0	1	0	0	0
<b>Arrests/Detentions</b>									
Nationals	2,188	2,532	3,567	3,596	3,346	2,075	1,858	2,872	2,775
Foreigners	469	434	267	292	346	204	2,214	201	213
<b>Total Arrests</b>	<b>2,657</b>	<b>2,966</b>	<b>3,834</b>	<b>3,888</b>	<b>3,692</b>	<b>2,279</b>	<b>4,072</b>	<b>3,073</b>	<b>2,988</b>

# Paraguay

## I. Summary

In 2001 the Government of Paraguay (GOP) continued to improve its anti-narcotics capabilities while transit of Andean cocaine through Paraguay increased. The GOP's Anti-Narcotics Secretariat (SENAD) continued to work closely with DEA and formed a new unit, the Chaco Mobile Enforcement Team (CMET), to disrupt cocaine transit operations in Paraguay's sparsely populated Chaco region. The SENAD's Major Violators Unit (MVU) carried out several successful operations to disrupt cocaine networks, resulting in the arrest of a prominent drug kingpin. There was a slight increase in cocaine seizures over 2000 levels. The pertinent committees of the Chamber of Deputies approved legislation, which the Senate had previously passed, to modernize Paraguay's anti-narcotics law. The Chamber will debate and vote on the bill in the next session of Congress in March 2002. Paraguay, as a principal money laundering center, undertook anti-money laundering initiatives, particularly in the wake of the September 11 attacks, but did not successfully prosecute any money laundering cases. (A full discussion of this aspect of the counternarcotics effort is presented in the INCSR chapter on Money Laundering and Financial Crimes.) There was little progress against official corruption and judicial cooperation remained weak. Paraguay is a party to the 1988 UN Drug Convention.

## II. Status of Country

Paraguay is a transit country for between 40 and 60 metric tons of Colombian, Bolivian and Peruvian cocaine that traverses its territory and is destined for Argentina, Brazil, the U.S., Europe, and Africa. The CMET was specifically created to target the cocaine that transits by land, river and air the vast Chaco area with its undeveloped land border, extensive river networks, and numerous registered and unregistered airstrips. Paraguay is a source country for high-quality marijuana that is not trafficked to the U.S.

## III. Country Actions Against Drugs in 2001

**Policy Initiatives.** The SENAD chief, appointed in 2000, took active measures to rid the SENAD of those suspected of links to narcotics and other illegal activities, including the head of DINAR, the SENAD investigations unit. He also fired three officers for alleged embezzlement of confiscated contraband dollars. The three face criminal prosecution in Paraguayan courts. The clean up at SENAD, together with the capture of convicted Brazilian drug lord Leomar de Oliveira Barbosa, have earned SENAD the respect of many in the Paraguayan Congress. The Congress not only voted a large supplemental budget package for the SENAD in the third quarter, to restore funds cut from the budget earlier in the year, but also increased its budget allocation for 2002. The SENAD was also rated as one of the most well-organized and effective anti-narcotics forces in the region by the U.S. commander of a Joint-Combined Training Exercise (JCET) held in 2001. The Chamber of Deputies voted out of committees a comprehensive modification to the existing anti-narcotics law, which will grant long-sought authority to use informants and to conduct undercover operations and controlled deliveries. Once approved by the Chamber, projected by March 2002, the legislation will clear the Congress and will enhance the SENAD's ability to successfully investigate and prosecute major drug traffickers. SENAD, in conjunction with the OAS, conducted a seminar on ways to enhance law enforcement capabilities in Paraguay.

**Accomplishments.** The most significant counternarcotics achievement in 2001 was the arrest of Leomar de Oliveira Barbosa in Capitan Bado. The operation was carried out by SENAD and DINAR in collaboration with the Brazilian Federal Police. Barbosa was rendered to Brazil for trial, while six of his associates were arrested and will be tried in Asuncion. Also, with the cooperation of the Brazilian Federal

Police, the SENAD carried out a disruption operation in mid-February against remnants of the Da Costa “Biera Mar” trafficking organization in Pedro Juan Caballero, resulting in the seizure of an airplane used to ferry cocaine and the arrest of the pilot, a known narcotics pilot with an outstanding arrest warrant in Brazil. In May, an intensive surveillance operation resulted in the arrest of four Paraguayan cocaine smugglers at the Asuncion airport. In June, two Paraguayan women trafficking cocaine on a cross-border bus were arrested. All six were prosecuted and jailed for trafficking in narcotics.

**Law Enforcement Efforts.** Noteworthy judicial counternarcotics decisions were reached in 2001. In February, a Paraguayan judge in Pedro Juan Caballero issued an arrest warrant against Luis Fernando da Costa Silva (“Biera Mar”). It was the first time that a judge had issued a warrant against a major trafficker. Also in February, an Asuncion judge sentenced two traffickers to 20 years in jail for possession of 36 kilos of cocaine. The two were co-defendants with Nestor Baez, who was arrested for cocaine possession in 1998, but was released in 2000 in a highly irregular decision by a holiday judge that drew national and international condemnation. In March, an appeals court upheld the four-year sentence imposed on Colombian national Fausto Rodriguez for possession of false identity papers. Rodriguez was arrested in 2000, and SENAD officials believe he was involved in a cocaine-for-weapons exchange between the Colombian FARC and Paraguayan and Brazilian drug trafficking groups. Up to December 2001, the SENAD had seized 104 kilos of cocaine, which slightly exceeded 2000’s seizures of 97 kilos. Given the significantly increased amount of cocaine flowing through Paraguay, this effort needs improvement. The GOP also seized 83,029 kilos of processed marijuana and destroyed 938 hectares of marijuana fields, equivalent to 2,345,000 kilos of planted marijuana. A total of 242 individuals were arrested. Asset seizures were minimal.

**Corruption.** The GOP recognizes corruption as a public policy challenge, but, with the exception of actions taken by the SENAD chief, it has not taken sufficient measures to prevent or punish public corruption in general, or specifically with respect to narcotrafficking or money laundering. The USG remains concerned that reportedly corrupt police officials remain in key posts and are in positions to give protection to, or compromise law enforcement actions against narcotics traffickers.

Law 1340 subjects public officials who engage in narcotics-related offenses to the maximum applicable penalties. While no current public officials were tried under this law in 2001, the Supreme Court suspended Asuncion circuit judge Ruben Dario Prutos for improperly releasing from jail two European nationals who had been sentenced to ten years imprisonment for cocaine possession.

**Agreements and Treaties.** The new U.S.-Paraguay Extradition Treaty entered into force on March 9, 2001, and it permits the extradition of nationals. Paraguay is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and the 1971 UN Convention on Psychotropic Substances. It has ratified the OAS Convention on Corruption, signed the OAS/CICAD Hemispheric Drug Strategy, and agreed to the Declaration of Principles and plans of action adopted at the Summit of the Americas and at the 1995 money laundering ministerial. In December 2000, Paraguay signed the UN Convention against Transnational Organized Crime and its Protocol to Prevent, Suppress and Punish Trafficking in Persons. It has law enforcement agreements with Brazil, Argentina, Chile and Venezuela. The 1987 bilateral letter of agreement, under which the U.S. provides counternarcotics assistance to Paraguay, was extended in 2001.

**Cultivation/Production.** Marijuana is the only illicit crop cultivated in Paraguay, and it is harvested throughout the year. Driven by a worsening economic situation and the relatively high price paid by traffickers for cultivation, marijuana production has increased, spreading to non-traditional areas such as the Department of Itaipua. SENAD estimates that 3,000 hectares (an increase of 500 hectares from 2000) were dedicated to the cultivation and production of marijuana in 2001.

**Drug Flow/Transit.** U.S. law enforcement officials estimate that approximately 40-60 metric tons of Colombian, Bolivian, and Peruvian cocaine transit Paraguay annually. This represents a significantly higher estimate than reported last year due to increased intelligence capabilities of U.S. law enforcement, host

government operations in the interior of Paraguay, and more information coming in from Brazilian sources.

**Demand Reduction Programs.** The increased marijuana production in Paraguay has led to a noticeable rise in substance abuse. Supported by funds from the Department of State's Bureau for International Narcotics and Law Enforcement Affairs (INL), the SENAD's Office of Demand Reduction does a significant amount of outreach work, primarily in schools. The SENAD has the principal coordinating role under the National Program Against Drug Abuse, and works with the Ministries of Health and Education and several NGOs.

**Chemical Control.** Paraguay's regulations require SENAD-issued permits for the importation of precursor chemicals, but in practice these regulations are not adequately enforced. There are no laws or regulations regarding the end use of these chemicals.

### IV. U.S. Policy Initiatives and Programs

**Policy Initiatives.** The disruption of narcotics trafficking through training and equipping of an effective investigative and interdiction force, a strong GOP institutional effort against money laundering, and a decrease in public corruption continue to be USG's priorities in Paraguay. To accomplish these goals, the USG will support further professional development of the SENAD Major Violators Unit (MVU) and CMET, providing for a more effective counternarcotics and organized crime investigative and operational capability from the Chaco in the west to the eastern border areas. The U.S. worked closely with Paraguayan senators for seven years on legislation authorizing the use of informants, controlled deliveries and undercover operations, and other law enforcement tools, and spoke with key deputies in the Lower House to urge swift approval of the legislation. Similar legislation was approved by the Lower House of Congress in November for counter-terrorist police authorities.

DEA continues to work with the SENAD, providing guidance on operations and investigations. INL provided equipment and training support to SENAD, including a contraband detector unit, vehicles and motorcycles, police surveillance equipment, body armor vests and other police-related clothing and gear, an electric power generator, and a handheld scanner. INL also provided funds for the purchase of additional drug-detector dogs and training of dog handlers, and a large number of field radios and radio equipment. Ten SENAD officers participated in an Office of Defense Cooperation (ODC)-sponsored Joint Combined Exercise for Training (JCET) exercise on demand reduction efforts. ODC also sent officers and special agents to a United Counter Drug Conference on the topic of regional counternarcotics coordination sponsored by the U.S. Southern Command. INL provided SEPRELAD, Paraguay's anti-money laundering secretariat, with computers, office equipment, video projectors, a photocopier, and other office supplies to aid in the processing of suspicious financial activity reports. INL funded travel for SEPRELAD's Executive Director to attend a conference in Chile, a joint INL meeting with the Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) in Washington, and a meeting of the Egmont Group in The Hague. A January 2002 DEA training course helped the SENAD to solidify the CMET and improve its operational capabilities.

**The Road Ahead.** Passing the new anti-narcotics legislation will expand the GOP's ability to crack down heavily on narcotics transportation networks. The implementation of the new law and consolidation of the CMET will likely lead to more investigations against major cocaine traffickers, increased drug seizures and arrests, and successful prosecutions. Full implementation of all provisions of the anti-money laundering and anti-narcotics law will significantly enhance the GOP's ability to punish and prevent official corruption. In addition, GOP refocusing of SEPRELAD into a more effective and efficient organization, and providing it with greater independence and a new bureaucratic structure more compatible with its mission are critical steps to ensuring SEPRELAD's success. The USG will continue to strengthen the SENAD's anti-narcotics investigative and operational units, as well as SEPRELAD's Financial Analysis Unit, through training, technical assistance, and equipment donations.

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# Peru

## I. Summary

Once the world's leading cultivator of coca leaf, Peru now ranks second in production after Colombia. While 115,000 hectares of coca were measured in 1995, manual eradication by the Government of Peru (GOP) and law enforcement-induced abandonment of cultivation by coca-growers (cocaleros) over the past six years has left approximately 34,000 hectares of coca. The bulk of this cultivation is concentrated in the Huallaga and Apurimac/Ene Valleys. However, record price levels for coca in these areas during 2001 is endangering the progress made since 1995. Moreover, reports of poppy cultivation are increasing at an alarming rate, as well as Peruvian seizures of opium derivatives. Imported designer drugs such as MDMA (Ecstasy) are also available in Peru, especially to upscale youth in the major cities.

In 2001, despite a changing political environment, including a new government, work stoppages, general strikes, and scattered protests, Peru made progress on counternarcotics issues consistent with its status as a party to the 1988 UN Drug Convention. Major accomplishments included the signing of a U.S.-Peru extradition treaty in July 2001, raising judicial salaries by 80 percent to attract qualified candidates and reduce susceptibility to corruption, manually eradicating 6400 hectares of coca, and continuing to seize and destroy cocaine and cocaine-processing labs. In 2001, the value of licit crops also exceeded the value of drug cultivation in key coca areas as a result of U.S.-supported GOP alternative development initiatives. Less encouraging were declines in the amount of cocaine base and chemicals seized, indications of Shining Path (Sendero Luminoso) terrorist activity in some drug cultivation areas, legislative delays in providing the drug czar with authority over all GOP counternarcotics activities, and lack of legislation on penalties for controlled chemicals, and lack of regulations for asset seizure and forfeiture initiatives. The aerial interdiction program, which contributed to the dramatic coca reduction of the mid-1990s, was suspended after the tragic deaths of two American citizens in a shootdown of a U.S. missionary aircraft mistaken for a drug plane in Peru on April 20, 2001.

## II. Status of Country

On July 28, 2001, the democratically elected government of Alejandro Toledo replaced the Paniagua transition government established following the flight of former President Fujimori in November 2000. Presidential campaigning diverted attention and resources from counternarcotics activities during the early part of 2001. President Toledo used his inaugural address to label narcotics trafficking a Peruvian national security problem, and promptly established and filled the cabinet-level position of drug czar. During 2001, the Peruvian congress remained focused on uncovering and investigating corruption. Many former officials of the Fujimori government, including the former attorney general, de-facto security advisor, and several high level military officials have been incarcerated while awaiting trial on charges of corruption, illegal enrichment, and money laundering.

The price of illicit coca leaf remained high during 2001, possibly in response to coca leaf shortfalls in Bolivia, and unmet demand in Colombia. The GOP succeeded in eradicating 6,400 hectares of coca, mostly in the Von Humboldt National Forest of the Huallaga Valley. GOP sources indicated that drug traffickers continued to move cocaine-derivatives out of Peru via air, river, land and sea routes to Bolivia, Brazil, Colombia, Ecuador, and Chile. Maritime transport increased in 2001, with more drugs leaving Callao, Chimbote, and other ports for Europe. Interdiction was hampered by an increase in the number of individuals or small groups, commonly referred to as "ants," who carry 5, 10, or 30 kilograms at a time to collection points near the border and on international flights. Drugs were concealed among papaya, molded into oranges or wine bottles, sealed into commercial fruit cans, and stuffed into hollowed-out car panels. Peruvian police, coast guard, and customs officials are proficient at detecting such shipments on the road or river, but such interdiction is tedious and time-consuming. Peru is not a producer of precursor

chemicals; chemicals are imported and then diverted from legitimate use. The Peruvian National Police Chemical Division (DICIQ), cooperates with five other countries in the region to seize and destroy such chemicals.

A cause for concern is the increase in poppy cultivation and opium latex production. Poppy cultivation is illegal, and the new Peruvian drug czar, Ricardo Vega Llona, has made it a high-priority issue. Colombian narcotraffickers supply Peruvian farmers with seeds from Colombian poppies, offering technical assistance and cash loans. Limited reporting indicates that the opium poppy plant cultivated in Peru has larger bulbs than the poppy grown in Colombia. However, no crop yield or processing efficiency studies have been conducted to determine Peru's potential opium latex production.

The GOP and the U.S. believe that the Shining Path (SL) continues to be involved in protection of coca crops and possibly narcotics production and trafficking. For example, on August 7, a joint DINCOTE(counterterrorism police)/DIRANDRO (drug police) patrol was ambushed near Mazamari by alleged SL elements. Four officers were killed and three wounded.

### III. Country Actions Against Drugs in 2001

**Policy Initiatives.** Since taking office July 28, the Toledo government has restructured the drug czar's office (CONTRADROGAS), established the ministerial rank for the czar, and improved overall counternarcotics coordination to alleviate disconnects between interdiction, alternative development, eradication, and added additional ministries to the Peruvian counternarcotics effort. The drug czar has directed all agencies to produce annual action plans, and intends to coordinate all requests for donor assistance through his office. CADA, the GOP drug crop measuring and monitoring agency, was instructed to search for and measure poppy cultivation, which it has now begun.

Peru has long recognized the need for Andean nations to regionalize their counternarcotics efforts, and has taken the lead in organizing regional riverine and road interdiction training, as well as alternative development coordination and regional police training. As part of this regional effort, Peru hosted two international training courses in 2001. On September 28, 35 students from 13 countries of the Western Hemisphere graduated from the first regional precursor chemical course in Lima. On December 18, two students from Ecuador and two from Venezuela graduated from the first regional riverine school training course in Iquitos.

**Accomplishments.** CORAH, the GOP coca eradication agency, manually eradicated 6,400 hectares of coca in 2001, which was double the amount projected. The relatively low amount eradicated was due to an agreement reached between the transition Paniagua government and cocalero representatives, which called for eradication in the main coca-growing valleys to be limited to protected areas (national parks). The Toledo government has chosen to honor that agreement, but has also approved eradication of new coca plants and of coca cultivated in the area around maceration pits. The 2002 Eradication Plan, still undergoing the GOP approval process, will expand eradication in protected areas, around maceration pits, labs and new areas of growth.

In 2001, CADA (the Ministry of Interior mapping and measuring agency) began mapping opium poppy cultivation to determine the extent of the problem. Because of weather and terrain problems, additional resources and technology will be required to pinpoint cultivation areas. CADA had also begun to survey farms in the Huallaga Valley to collect agricultural and socioeconomic information to assist the GOP in negotiating additional coca reductions.

**Production.** Cocaine base laboratories are located east of the Andes, and cocaine hydrochloride laboratories operate both east and west of the Andes. Locations near the coast facilitate maritime shipment, while those near Peru's eastern border facilitate air transport to Brazil, Ecuador, Colombia, and Bolivia. Although the overall quantity of drugs seized in 2001 represented a second consecutive annual decline, the police destroyed a record 71 labs. The police did not find any opium latex or morphine laboratories in 2001, but judging from the increase in opium poppy plants found and eradicated, an

increasing amount of opium latex is being produced. Several Colombians were arrested in the Huallaga for drug trafficking, and \$300,000 in Colombian currency was seized.

**Law Enforcement.** DIRANDRO continued running an advanced training center at the Santa Lucia counternarcotics base for special counternarcotics operations. The DIRANDRO unit at Lima's Jorge Chavez International Airport arrested 125 passengers attempting to body-carry more than half a ton of cocaine to the U.S. and other international destinations in 2001.

DIRAVPOL, the Aviation Police, continued providing counternarcotics support to DIRANDRO operations in 2001. It expanded its support by establishing a counternarcotics unit at the counternarcotics aviation base at Pucallpa, and augmented the

USG-provided UH-1H helicopters with its own MI-17 heavy lift helicopters to assist with eradication and interdiction.

In cooperation with U.S. and Peruvian law enforcement agencies, private shipping companies in Peru have improved their abilities to monitor sea cargo containers. In 2001, they provided Peruvian police and customs officers with information to support investigations of major Peruvian and other international trafficking organizations utilizing sea cargo containers to transport large shipments of cocaine to the U.S., Mexico, and Europe. Since Peruvian ports are scheduled to be privatized in 2002, it will become possible to emulate Colombia's fee-supported port security program.

The GOP is successfully managing the Joint Peruvian Riverine Training Center (JPRTC), which has already hosted international students. Operationally, DIRANDRO and the Peruvian Coast Guard are working together effectively and continue to develop and share intelligence targeting known traffickers.

Peruvian law requires that a prosecutor be present when police operations are carried out. Seven prosecutors were added in 2001 for a total of 14 narcotics prosecutors with national jurisdiction. The GOP intends to add several more in 2002.

**Alternative Development Program (AD).** The AD program strengthens local government, provides access to basic services, and thus promotes sustainable, licit economic alternatives to coca cultivation. In 2001, the GOP, supported by the U.S. Agency for International Development (USAID), focused 70 percent of its development efforts in two main coca producing valleys—the Huallaga and Ene-Apurimac River Valleys—and 30 per cent in areas where coca has declined, but could re-emerge if the licit economy is not sustained. Continuing high coca prices, combined with historic lows of international market prices for two key AD crops, coffee and cacao, forced down the ratio of licit agricultural production to coca production for the second year, despite an increase in the area of licit crops. Notwithstanding the unfavorable macro-economic context notwithstanding, the AD program is making a significant positive impact. The AD program assisted 13,000 farm families to produce and market alternative crops, and over 5,000 clients received microcredit loans, an increase of almost 50 per cent from 2000. The farm-gate value of licit crops surpassed the value of coca in three coca areas in which AD has been active (Central Huallaga, Pichis-Pachitea and Aguaytia).

**Corruption.** Although some members of the previous Fujimori government are under investigation for narcotics-related corruption, it is not GOP policy to encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. There is no evidence that any senior official of the Toledo government engages in, encourages, or facilitates the illicit production or distributions of such drugs or substances, or the laundering of proceeds from illegal drug transactions. On December 15, the Minister of the Interior announced the retirement of over 500 police officials, in part to root out corruption.

**Agreements and Treaties.** The GOP strongly supports the objectives of the 1991 USG-GOP counternarcotics bilateral framework agreement currently in force, and the 1988 UN Drug Convention, to which Peru has been a party since 1992. Peru is also a party to the 1961 UN Single Convention on Narcotic Drugs, the 1972 protocol thereto, and the 1971 Convention on Psychotropic Substances. There is also an agreement between the U.S. and Peru under which the two countries exchange information

concerning large cash transactions. In July, an updated bilateral extradition treaty was signed, which includes a provision for the extradition of nationals. On December 14, 2000, Peru signed the UN Convention against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, and the Protocol against the Smuggling of Migrants. Peru is also a member of the Inter-American Drug Abuse Control Commission.

**Demand Reduction.** A cadre of large and small nongovernmental organizations (NGOs) cooperates with CONTRADROGAS to address the problem of drug consumption. The most recent survey concerning drug use in urban areas conducted by CEDRO, a leading NGO, revealed that the percentage of people who have used marijuana at least once rose from 4.9 percent in 1998 to 7.1 percent or 1,272,300 individuals, between 1998 and 2001. One-time users of cocaine doubled from 1.3 per cent to 2.6 per cent, or 466,000 individuals. Many Peruvians now consider drugs to be one of the greatest threats facing Peru. A private sector group “Alianza para un Peru sin Drogas” (“Alliance for a Drug-Free Peru”), founded in 1999, and modeled on the U.S. “Partnership for a Drug-Free America” and similar Latin American initiatives, was active in developing TV spots and other prevention messages aimed particularly at children. Treatment for drug addiction is generally carried out by independent treatment organizations commonly called “therapeutic communities.” Programs also exist in major hospitals.

### IV. U.S. Policy Initiatives and Programs

**Bilateral Cooperation.** The FY 2001 State Department budget for counternarcotics in Peru was \$48 million, of which \$25 million was for alternative development programs. Other projects supported by the bilateral agreement are counternarcotics aviation support, law enforcement, demand reduction, riverine, policy development, and eradication.

**Support to Law Enforcement.** In 2000, the U.S. supported a change to the GOP counternarcotics strategy, focusing attention on the main coca-producing valleys, or source zones of Peru. These source zones are where illicit coca and poppy are produced, initial processing is carried out and into which precursor chemicals and money flows to support narcotics trafficking. The goal is to interdict drugs at or near their point of origin.

At Jorge Chavez Airport, U.S.-trained dogs were used to detect drugs on passengers and in airplane baggage compartments in 2001. A U.S.-provided X-ray machine aided airport authorities in detecting the illegal transportation of cocaine. U.S. law enforcement agencies have, through extensive classroom and on-the-job training, improved GOP abilities to gather/share intelligence and to conduct long-term and complex investigations.

In late 2001, the DEA sponsored a Chemical Training Conference in Lima, attended by 35 participants from 14 Western Hemisphere countries. The students received advanced training in precursor chemical investigations. The DEA works closely with the DICIQ, the chemical police, on multinational chemical operations.

The GOP and the U.S. have worked closely on eradication programs. Fourteen US-owned helicopters are flown and maintained by the GOP to provide transportation for coca eradication and interdiction. Current Peruvian helicopter pilots and mechanics were trained in the U.S. Under a new agreement, training is now being carried out by the Peruvian Air Force.

The U.S. Army Corps of Engineers recently completed major construction at the counternarcotics helicopter base in Pucallpa, including a command and control facility to support stepped up operations in the main valleys. The DIRANDRO riverine operations facility at Sinchicuy, outside of Iquitos, is nearing completion.

**Eradication.** The U.S. supports the manual eradication program carried out by the Ministry of Interior agency, CORAH, including police protection for the manual eradication laborers. Notwithstanding police support, eradicators on several occasions have been forced by angry mobs to leave eradication sites.

**Support to Alternative Development.** Besides providing the bulk of assistance to the GOP alternative development effort, USAID is helping families diversify agricultural production, including banana, pineapple, and palm heart for former coca growers. AMRESAM, the Association of Municipalities of San Martin, successfully completed a large number of schools, health clinics, small roads, and irrigation projects. A number of major infrastructure activities, including electrification systems and engineering studies for bridges were supported. An emergency program to help poor families affected by eradication activities provided essential health and nutrition services to 4,500 families.

To build public consensus in Peru and abroad, the U.S. recently launched a policy initiative emphasizing environmental damage caused by the drug trade. Damage is caused by deforestation (more than 2.3 million hectares), the application of 500 metric tons of pesticides annually, and release of over 6,000 tons of toxic chemicals annually into the environment.

There are two components to the initiative: research (on chemical use by coca farmers and its impact on water quality, and on contamination of the Peruvian rainforest), and outreach, to increase public awareness. The U.S. is working with the media and environmental NGOs to focus attention on this issue.

The U.S. recently hired an information and communications specialist to design educational and public relations programs in conjunction with Peruvian counterparts. This coordinated effort should lead to better understanding of and support for anti-narcotics efforts, both within and outside the GOP.

# Peru Statistics

(1993–2001)

	2001	2000	1999	1998	1997	1996	1995	1994	1993
<b>Coca</b>									
Net Cultivation (ha)	34,000	34,100	38,700	51,000	68,800	94,400	115,300	108,600	108,800
Eradication (ha)	3,900	6,200	13,800	7,825	3,462	1,259	0	0	0
Cultivation (ha)	37,900	40,200	52,500	58,825	72,262	95,659	115,300	108,600	108,800
Leaf (Potential Harvest) (ha)	52,600	60,975	69,200	95,600	130,600	174,700	183,600	165,300	155,500
HCl (Potential) (mt)	140	154	175	240	325	435	460	435	410
<b>Seizures</b>									
Coca Leaf (mt)	13.8	55.0	164.3	132.9	146.8	99.1	33.4	25.2	—
Coca Paste (mt)		—	—	—	—	—	—	—	7.7
Cocaine HCl (mt)	2.77	2.70	3.59	1.70	2.30	1.01	7.65	0.10	0.47
Cocaine Base (mt)	5.71	9.01	6.65	19.70	8.80	18.68	15.00	10.60	5.3
<b>Total Cocaine (mt)</b>	<b>8.48</b>	<b>11.70</b>	<b>10.24</b>	<b>21.40</b>	<b>11.10</b>	<b>19.69</b>	<b>22.65</b>	<b>10.70</b>	<b>5.77</b>
Heroin (mt)	.004	.002	—	—	—	—	—	—	—
<b>Aircraft (items)</b>	1	2	—	—	11	7	22	4	13

# Uruguay

## I. Summary

Uruguay is neither a major producing nor transit country for narcotics. Efforts to fight both drug trafficking and domestic consumption are effective, although law enforcement agencies and drug programs have limited resources at their disposal. Uruguay made significant efforts to combat money laundering in 2001, most notably with the expansion of the anti-money laundering law and the creation of a Financial Information and Analysis Unit in the Central Bank of Uruguay. Current areas of concern include the increased presence of marijuana in both seizures and consumption, and the lack of inspection of containers at the port of Montevideo. The Government of Uruguay (GOU) and the U.S. continue to have a cooperative relationship at both the formal and informal levels. Uruguay is a party to the 1988 UN Drug Convention.

## II. Status of Country

Uruguay is not a major drug producing or drug transit country. Regular seizures of small quantities of drugs on travelers from Argentina, Brazil, and Paraguay indicate that passage through Uruguay is used to hide the origin of the drugs. This activity has caused increased concern since Uruguay's admittance to the U.S. Visa Waiver Program in 1999. Lack of inspection and control over container movement through the port of Montevideo continues to be a problem. In addition, although precursor chemical regulatory controls exist, their effective enforcement is questionable, and there is the possibility that MDMA ("ecstasy") is being produced in-country. Drug consumption appears to be at relatively low levels, although use of marijuana may be growing. There are indications of both a growing public awareness of the dangers of drug use and a popular opinion that the personal consumption of drugs should be criminalized.

For years Uruguay has attracted bank depositors with its strict bank secrecy laws, currency exchange regulations, and overall stability, leading to the assumption that the country may be a destination for money laundering. The GOU made significant gains in money laundering control during 2001 and continued to reinforce its control apparatus. In May 2001, Uruguay extended the predicate offenses for money laundering beyond drugs and corruption to other serious crimes, a key step noted by the Financial Action Task Force (FATF) in its June 2001 review. Due to this and other measures, FATF did not identify Uruguay as non-cooperative in the international fight against money laundering.

## III. Country Actions Against Drugs in 2001

**Policy Initiatives.** Despite President Jorge Batlle's occasional public statements supporting the legalization of the drug trade, his government continues to make counternarcotics efforts a state priority. Indeed, he has increased military involvement in anti-contraband and trafficking actions and was personally involved in the GOU efforts to improve anti-money laundering regulations. The President and his "Drug Czar" Leonardo Costa supported legislation criminalizing a broad range of money laundering activities; the law passed through both houses of Congress with unusual speed during 2001. This action improved upon a law that had only criminalized the laundering of money arising from narcotics trafficking. The GOU remains committed to education and prevention efforts, although funding levels are low.

**Accomplishments.** Uruguay remains active in international anti-narcotics efforts and, as a member of the Southern Cone Working Group of the International Conference for Drug Control, the GOU also regularly exchanges information on narcotics trafficking with the other members. Uruguay hosted a

regional conference of GAFISur, an arm of the FATF, at which it volunteered to be one of the first two participants in the Mutual Evaluation Mechanism (MEM).

**Law Enforcement Efforts.** The enhanced anti-narcotics efforts begun in 2000 continued to see results in 2001, as arrest and seizure rates remained high compared to previous years. The April 2001 seizure of 5.8 kilograms of heroin at Carrasco International Airport was the first large scale seizure of heroin in the country and was viewed as a significant success for the Directorate General for the Repression of Illicit Drug Trafficking (DGRTID). The effectiveness of the different groups responsible for law enforcement in narcotics issues has improved, but some difficulties in communication and joint efforts among the DGRTID, the police, the National Directorate for Intelligence and Information (DNII), and the Military Intelligence Agency (DGID) remain, stemming partly from a competition for limited resources. Overall, GOU law enforcement efforts are effective, leading to a higher arrest rate, while improved case preparation prior to court trials has led to an increased conviction rate.

**Corruption.** There are no indications that senior GOU officials have engaged in drug production, trafficking, or money laundering. Public officials who do not act on any knowledge of a drug-related crime may be charged with a “crime of omission” under the Citizen Security Law. In addition, the Transparency Law of 1999 criminalizes various abuses of power by government office holders and requires high ranking officials to comply with financial disclosure regulations. GOU policy does not encourage or facilitate the production of drugs, distribution of drugs, or money laundering, including the laundering of proceeds from illegal drug transactions.

**Agreements and Treaties.** Uruguay is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, the 1961 UN Single Convention on Narcotic Drugs, and the 1972 Protocol amending the Single Convention. Uruguay signed the UN Convention against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, and the Protocol against the Smuggling of Migrants on December 13, 2000. Uruguay is a member of the Inter-American Drug Abuse Control Commission (CICAD) of the Organization of American States (OAS). The United States and Uruguay have a valid extradition treaty that entered into force in 1984 and a mutual legal assistance treaty (MLAT) that entered into force in 1994. In September 2001, the GOU and the United States signed two letters of agreement (LOA), under which the United States is providing counternarcotics/anticrime assistance to Uruguay. The first LOA provides programs to promote police professionalism, enhance police effectiveness in combating narcotics-related crime, and improve border control capabilities. The second LOA addresses demand reduction programs. In addition, Uruguay is an active participant in GAFISur, a regional organization committed to implementing the 40 recommendations of the FATF, and was a voluntary participant in its Mutual Evaluation Mechanism (MEM).

**Cultivation/Production.** There is no significant cultivation or production of drugs in Uruguay.

**Drug Flow/Transit.** Uruguay is not a major drug-transit country. The main drug that transits Uruguay is marijuana, which generally enters the country from Paraguay via Brazil. The currently low price of Paraguayan marijuana has raised concern in the GOU, which anticipates an increase in shipments of that drug. The Uruguay-Brazil border is very porous and law enforcement presence there is minimal. The DGRTID has expressed concern that the effects of Plan Colombia on trafficking in the Andes has created the need for a new southern corridor for cocaine, with Uruguay as one of the transit points. Although Uruguay shares a long river border with Argentina, maritime drug seizures are rare, in part because the GOU has limited financial resources to spend on opening and searching the high volume of container traffic through the port of Montevideo.

**Domestic Programs (Demand Reduction).** The GOU does not maintain statistics on domestic drug consumption, and indications are that drug use within Uruguay is fairly low, with the majority of use concentrated in increasingly popular marijuana. The Alliance for a Drug Free Uruguay has increased its activity over the last two years, placing its counternarcotics message in media advertisements, event promotion, and the sponsorship of sporting events. The National Drug Secretariat (SND) has sponsored

teacher training, public outreach, and programs in community centers and clubs. Recent opinion polls indicate that there is a growing understanding of the dangers of drug use and a rise in the calls for increased anti-narcotics efforts by the GOU, including criminalizing drug use.

### **IV. U.S. Policy Initiatives and Programs**

**U.S. Objectives.** USG support complements GOU efforts to strengthen money-laundering controls, enhance anti-trafficking enforcement, improve immigration and border control efforts, and reduce demand for illicit drugs.

**Bilateral Cooperation.** The USG and the GOU work together on a variety of counternarcotics efforts. The USG has provided equipment, including computers, machine-readable passport scanners, and software, to the GOU for use in upgrading border control. A canine breeding and training program continues to be supported in the DGRTID. The USG has also sponsored training targeting increased police professionalism and the enhancement of Coast Guard and Customs controls at the port of Montevideo. The Federal Law Enforcement Training Center (FLETC) held two seminars on financial investigations during 2001, attended by judges, prosecutors, public and private bankers, and enforcement officials, designed specifically to assist the newly created Financial Information and Analysis Unit in the Central Bank of Uruguay (BCU). In addition, U.S. funds have supported the work of the Alliance for a Drug-Free Uruguay, an NGO spreading its counternarcotics message through broadcast advertising, event sponsorship, and sports promotions.

**The Road Ahead.** Future cooperative efforts will target anti-money laundering efforts and demand reduction programs. Assistance to the DRGTID canine programs and GOU border control efforts will also continue.

# Venezuela

## I. Summary

Venezuela's 2,200-kilometer border with Colombia, much of which consists of coastal deserts, mountain ranges, and remote fluvial plains largely beyond the reach of government control, offers opportunities for narcotics smuggling and production activities. A heavily transited but poorly regulated border point of entry on the Pan-American highway sees the passage of hundreds of unchecked tractor-trailers and trucks each day. The massive Orinoco river system forms two sides of Venezuela's southwestern border, then continues northeasterly through Venezuela to the coast, at the convergence of the Atlantic Ocean and the Caribbean Sea. It has become a well-developed route for the annual shipment of an estimated 100 metric tons or more of cocaine to the U.S. and Europe. Venezuela's unsecured seaports serve as embarkation points for multi-ton loads of cocaine secreted in cargo containers bound for the U.S. Most large containerized shipments of cocaine seized in Florida during the past decade transited Venezuelan ports. 2001 witnessed the disturbing discovery of the first coca paste laboratories in Venezuela. Heroin smuggling by human couriers on commercial passenger flights to the U.S. and Europe also increased in 2001.

Against this upsurge in activity of Colombian narcotrafficking organizations operating in Venezuela, the Government of Venezuela (GOV) has attempted to pass expansive new legislation, refine the focus of its small force of criminal investigators and public prosecutors, and worked with the USG toward the development of improved intelligence, investigative, interdiction, and judicial capabilities. GOV drug enforcement officials are dedicated, professional, and sincere in their efforts to combat narcotrafficking and drug abuse in Venezuela. They are hampered, however, by deficient budgets.

Venezuela is a party to the 1988 UN Drug Convention.

## II. Status of Country

Cocaine trafficking through Venezuela remains high and may be on the increase. By some estimates, Venezuela may now be the number two exporter of cocaine from South America, with as 100 metric tons or more of cocaine transiting the country annually. Almost all of the cocaine and heroin that transits Venezuela enters the country via multiple land, sea, and air routes from neighboring Colombia. Most of the cocaine is smuggled in by land and then concealed in commercial cargo leaving major Venezuelan seaports. In Miami, most of the large cocaine seizures of the past decade have been from commercial maritime cargo containers which transited Venezuela. Taking advantage of several dozen international flights departing Venezuela each day, passengers smuggle heroin in small quantities to the U.S. and Europe, the total amount currently estimated at more than a quarter metric ton per year.

Coca fields as large as eight hectares were located and eradicated during May 2001 operations conducted by the Venezuelan Army and National Guard. More significantly, coca paste processing laboratories were discovered for the first time in Venezuela in 2001; three laboratories were detected and destroyed. Several hundred kilograms of macerated coca leaf and coca paste seized provided further evidence of a nascent cocaine production industry in Venezuela. An example of the growing aggressiveness of narcotraffickers operating in Venezuela: a remotely detonated hand grenade booby trap wounded three national guardsmen as they participated in the destruction of a coca paste laboratory and the eradication of an adjacent field of four hectares of coca. Opium poppy, grown in Venezuela for nearly a decade, continues to be cultivated in small quantities.

An estimated 350,000 Venezuelans consume illegal drugs, representing about 1.5 percent of the national population, but that estimate may be low. In a recent survey, one-third of Venezuelans reported knowing

of a friend or relative who had consumed illegal drugs in the last year and 85 percent believed that drug addiction had increased “a great deal” in the previous 12 months.

### III. Country Actions Against Drugs in 2001

**Policy Initiatives.** Progress on major legislative issues continued to be slow throughout 2001. The primary source of disappointment was the National Assembly’s failure to move forward on passage of the Organized Crime Bill. First sent to the National Assembly in 1999, this Bill would arm Venezuelan law enforcement with a full array of tools needed to effectively combat narcotrafficking organizations and organized crime, including authorization for use of undercover agents and controlled deliveries, an expanded scope of criminal money laundering (currently limited to proceeds of narcotrafficking), establishment of the concept of conspiracy, and enhanced and streamlined asset forfeiture. After four years of development, the organized crime bill finally entered and passed its first reading during the final quarter of 2001. The second reading is scheduled for early 2002; predictions from GOV contacts range from quick passage to serious threat of derailment. A major revision to the National Narcotics and Psychotropic Drug Law (LOSEP), which would provide for improved chemical control regulation, is scheduled for passage on the same timetable.

Venezuela actively participated in Operation “Seis Fronteras,” a regional chemical control effort conducted during October and November 2001. Although detection and seizures of precursor chemicals destined for illicit drug production were small, the operation did serve to highlight the inadequacies of current legislation. While strict laws govern the importation of such chemicals, once the chemicals have arrived in Venezuela, regulations are lax. The GOV’s chief agency for chemical control plans to correct this problem in the short term with an administrative adjustment.

The National Commission against the Illicit Use of Drugs (CONACUID) is Venezuela’s equivalent of the U.S. ONDCP. In August, CONACUID conducted an extraordinary four-day workshop to develop a five-year National Drug Control Plan. Co-organized by OAS-CICAD, the 32-hour workshop was well attended by over 120 high and mid-level officials representing virtually every government, military, police, and NGO in Venezuela with an interest in curbing narcotics trafficking and consumption. The initial result was the development of over 80 projects in support of a dozen goals, covering all 11 categories of the 1988 UN Drug Convention. For the most part, the GOV expects to accomplish the goals and objectives of its five-year plan using its own resources, but with support from the U.S. and other nations.

**Accomplishments.** While 2001 saw no spectacular drug seizures to compare with the August 2000 seizure of 8.8 metric tons of cocaine in Operation Orinoco, there were several large seizures. Cocaine was routinely confiscated in quantities of two to eleven kilograms throughout the country. The larger cocaine seizures typically took place in the states of Tachira and Zulia, which border Colombia in the northwestern corner of Venezuela; Falcon, a coastal extension of Zulia state; and the island of Margarita and mainland state of Sucre, which fronts Margarita island in the northeastern corner of Venezuela.

The GOV drafted sweeping new legislation, instituted a modern adversarial justice system, and has promised to pass a far-reaching organized crime bill. A vetted drug task force, created in the second half of 2001, focused considerable investigative effort on organized narcotrafficking and related money-laundering activities. Within months of its creation, and with only meager logistical resources, this fledgling group of prosecutors and criminal investigators detected plans to ship a large quantity of cocaine via maritime cargo container to the U.S., seizing 1.2 metric tons of cocaine in the process.

**Law Enforcement Efforts.** Venezuela continued to build on last year’s successful multilateral investigations and operations. U.S., Dutch, and Venezuelan law enforcement agencies conducted a combined investigation which resulted in the successful pursuit and capture of several “go-fast” boats, the seizure of 560 kilograms of cocaine, and the arrest of several traffickers. Another investigation resulted in one of the largest heroin seizures to date in Venezuela, 15 kilograms, at Caracas’s Maiquetia Airport, which was to be smuggled through Miami for final distribution in New York. Another investigation led to

the arrest of seven “mules,” attempting to board a flight bound for Amsterdam, carrying a combined total of 485 cocaine pellets weighing 8.7 kilograms.

A specialized new unit, the Prosecutor’s Drug Task Force (PDTF), was created, staffed, vetted, trained, and equipped during the later half of 2001. Under DEA guidance, three public prosecutors and about 15 agent/investigators from both of Venezuela’s lead drug law enforcement agencies, the Technical Judicial Police and the National Guard Antidrug Command, were hand-selected and vetted to work directly with DEA liaison special agents and intelligence analysts. The PDTF began conducting in-depth criminal investigations, identifying the composition and personalities of narco-trafficking organizations, and provided actionable intelligence resulting in the seizure of a containerized cocaine shipment at the Puerto Cabello seaport during the final quarter of 2001. CONACUID continued to play a leadership role as the coordinator of the national counternarcotics strategy and worked with law enforcement and the military to improve money laundering restraints, chemical precursor control, and eradication of illegal drug cultivation.

From the Public Ministry (prosecutorial branch of the Ministry of Justice), to the National Guard and the GOV Drug Czar’s office, key drug enforcement officials up through the sub-ministerial level are dedicated, professional, and sincere in their efforts to combat narco-trafficking and drug abuse in Venezuela, but they are hampered by deficient budgets. Prosecutors and judges often lack computer or even telephone equipment in their offices, having to rely on typewriters and personally owned cellular telephones to do their jobs. Another drug control agency reported major staffing cutbacks. Venezuela’s participation in a major region-wide chemical control operation was entirely contingent upon funding from the U.S. to cover routine operating expenses. In late 2001, the Public Ministry obtained a \$75 million dollar loan from the Inter-American Development Bank to pursue goals in support of the new penal code, including expanding the prosecutor training program, clearing the backlog of cases still pending under the former inquisitorial justice system, installing an automated network to connect prosecutors offices around the country, and initiating a public awareness campaign to inform citizens about the new penal code and accusatorial justice system.

**Corruption.** The Government of Venezuela does not as a matter of policy or practice encourage or facilitate drug trafficking or money laundering, nor are its senior officials proven to engage in, encourage, or facilitate such activities. The GOV recognizes corruption as a problem of major magnitude and has focused considerable attention on combating it, especially in the law enforcement and judicial sectors.

During 2001, incumbents of several high-level law enforcement positions were replaced, some of these reportedly involving allegations of corruption. GOV law enforcement officials aggressively target the corrupt practices occasionally found among low-level GOV officials, typically in and around seaports and airports, involving drugs, precursor chemicals, and firearms.

**Agreements and Treaties.** Venezuela is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and the 1971 UN Convention on Psychotropic Substances. Venezuela has signed but not ratified the UN Convention against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, and the Protocol against the Smuggling of Migrants. The GOV has also signed a number of important bilateral agreements with the U.S., including a ship-boarding agreement from 1991 (updated with a new protocol in 1997), a Memorandum of Understanding concerning cooperation in narcotics, and a customs mutual assistance agreement. In 1997, the U.S. and Venezuela signed a bilateral mutual legal assistance treaty (MLAT), which is still pending approval by the Venezuelan National Assembly. Venezuela’s 1999 “Bolivarian” constitution expressly prohibits the extradition of Venezuelan citizens. Previously, Venezuela had only a statutory bar to the extradition of nationals. Given the current political environment, this is extremely unlikely to change in the foreseeable future. Venezuela extradited U.S. national Roque Pena Bonano in 2001. This was the first extradition out of Venezuela since 1997.

Venezuela is also party to numerous bilateral and multilateral narcotics control agreements, including bilateral agreements with 15 other Latin American and Caribbean nations, as well as one Asian and three

European countries. Venezuela is a party to the Inter-American Convention Against Corruption and in 2001 signed the consensus agreement on establishing a mechanism to evaluate compliance with the Convention. Additionally, Venezuela has entered into two agreements with the EU. The scope of these agreements ranges from suppression of trafficking and demand reduction to specific controls on money laundering and precursor chemicals.

Elements of Venezuela's private sector are active participants in the U.S. Customs Service's Business Anti-smuggling Coalition (BASC) program. This program seeks to increase the effectiveness of law enforcement officers in their efforts to deter narcotics smuggling in commercial cargo shipments and conveyances by enhancing private sector security programs. Hundreds of Venezuelan companies, organized into two BASC chapters, participate in the program to eliminate the infiltration of drugs into their legitimate commercial shipments to U.S. markets. BASC is part of USCS's Americas Counter-smuggling Initiative (ACSI).

In November 2001, Venezuela's drug czar was elected to a one-year term as president of the Organization of American States' Commission for Drug Abuse Control (CICAD). Venezuela participated in hemispheric efforts to develop CICAD's multilateral evaluation mechanism (MEM) to improve counternarcotics cooperation.

**Drug Flow/Transit.** Venezuela is a major transit country for shipment of cocaine, heroin, and marijuana to the United States and Europe. Containerized shipments via commercial sea freight are the dominant method of smuggling cocaine in loads of a ton or more. Heroin is moved primarily via courier on commercial airlines. A troubling new trend is cocaine base production capability within Venezuelan territory adjacent to Colombia; three cocaine base labs with attendant chemicals and processing equipment were discovered in 2001. Cultivation of significant fields of coca in Venezuela was also reported for the first time in 2001.

Venezuela's shared border with Colombia, measuring 2,200 kilometers with numerous border and river points of entry, and its extensive transportation network, including large commercial sea ports, have for many years made this country an ideal transit route for illegal drugs from the South American cocaine and heroin production centers. Narcotrafficking organizations take advantage of these many opportunities to smuggle illegal narcotics to U.S. and European markets via numerous Caribbean routes. Most drugs seized in the U.S. mainland and Puerto Rico after transiting Venezuela have been found in commercial cargo which had sailed from Venezuela's major seaports, particularly from Puerto Cabello. In addition, "go-fast" boats and general aviation aircraft carrying illegal drugs transit Venezuelan airspace or waters on the way to Caribbean transshipment points.

The Orinoco River system, comparable in size to the Mississippi, flows from several rivers in Colombia into and across Venezuela, to empty through a delta into the convergence of the Caribbean Sea and the Atlantic Ocean. Narcotraffickers' use of the Orinoco was illustrated in the spectacular August 2000 seizure of 8.8 metric tons of cocaine stockpiled at Ciudad Bolivar and other locations along the river.

Synthetic drugs (including methamphetamine and MDMA/"ecstasy") are smuggled into Venezuela and essential precursor chemicals are diverted from Venezuela to Colombian drug laboratories. Mediocre chemical control regulations, currently being strengthened through legislative and administrative means, have not provided adequate checks on the sale and movement of precursor chemicals within or out of the national territory. Importation of controlled chemicals is more strictly monitored.

**Domestic Programs (Demand Reduction).** CONACUID serves as the centralized coordinating body for nationwide demand reduction and treatment programs in Venezuela. Its areas of interest include educational demand reduction products, support for treatment of drug addicts, and collection and analysis of drug consumption and rehabilitation statistics. In addition to CONACUID's large network of public and private demand reduction and treatment organizations, other groups such as the Alliance against Drugs (Alianza contra las Drogas) undertake important work on their own. CONACUID and Alianza

plan to conduct independent surveys in 2002 to determine the nature and extent of drug abuse in Venezuela.

### **IV. U.S. Policy Initiatives and Programs**

**U.S. Policy Initiatives.** Ultimately, the diverse manifestations of narcotrafficking—cultivation, chemical diversion, production, transportation, smuggling, market development, sale, money laundering—are all operations of organized crime, without which this illegal activity could not be sustained on such a massive scale. The overall USG counternarcotics goal in Venezuela is to disrupt and dismantle narcotrafficking organizations through numerous policy, law enforcement, and institutional development efforts.

**Bilateral Cooperation.** USG narcotics control efforts and programs underwent significant expansion in Venezuela in 2001. The DEA office filled several long-vacant positions and added new ones. The INL program budget expanded 1,300 percent, from about \$350,000 in 2000 to over \$4.2 million in 2001. The U.S. Customs Service office in Venezuela conducted assessments of Venezuela's largest commercial seaport, a known embarkation point for multi-ton containerized shipments of cocaine to the U.S., and began making plans with the GOV to enhance security. Also in 2001, the DEA and INL supported the creation of a GOV Prosecutors' Drug Task Force. This hand-selected and specially equipped group of special prosecutors and criminal investigators has already begun closing in on criminal organizations trafficking drugs in and through Venezuela. With the assistance of the Department of Justice's Overseas Prosecutorial Development, Assistance, and Training (OPDAT) program, INL trained more than 300 public prosecutors and criminal investigators in 2001 in basic concepts and courtroom procedures of Venezuela's new U.S.-style adversarial criminal justice system. This program will be expanded through specialized focus in 2002.

**The Road Ahead.** Increasingly, the collaborative efforts of the governments of the United States and Venezuela are focusing on the development of intelligence information and legal evidence aimed at disrupting and dismantling the narcotrafficking organizations that operate in Venezuela. To counter the expanding use of Venezuela's seaports and border points of entry as drug transit routes, the U.S. Customs Service and INL will sponsor projects to improve security at these locations by assisting the GOV to improve organizing procedures and divisions of responsibility; offering training in document inspection, cargo searches, and intelligence analysis; and donating selected equipment to improve GOV customs capabilities. USCS will deploy several customs inspectors to key ports and border locations as trainers and advisors during the start-up phase at each location. In support of this port security program and other projects, the DEA and INL will assist the GOV to improve its ability to gather counternarcotics intelligence in the course of interdiction operations, conduct analysis, and assemble the data usefully. This processed intelligence will in turn be used to develop interdiction operations of increasing strategic importance and guide criminal investigations against key trafficker personalities. Supporting this strategy, INL and DOJ's Overseas Prosecutorial Development, Assistance, and Training program will expand into a new phase of specialization during 2002, creating a cadre of highly trained investigators and public prosecutors.

# Venezuela Statistics

(1993–2001)

	2001	2000	1999	1998	1997	1996	1995	1994	1993
<b>Seizures</b>									
Cocaine HCl (mt)	11.51	15.03	12.48	7.30	14.58	5.60	6.17	5.10	2.00
Other Cocaine (Basuco) (mt)	.025	0.14	0.62	1.30	1.60	1.60	1.60	1.60	1.30
Total Cocaine Products (mt)	11.76	12.43	13.10	8.60	16.18	7.20	7.77	6.70	3.30
Cannabis (mt)	7.06	12.43	19.69	4.50	5.52	5.30	13.70	10.00	1.00
Heroin (mt)	0.21	0.13	0.04	0.04	0.11	0.07	0.10	0.02	0.02
<b>Arrests</b>									
Nationals		2,341	6,414	7,242	4,880	—	3,000	—	—
Foreigners		275	216	289	499	—	600	—	—
<i>Total Arrests</i>		2,616	6,630	7,531	5,379	—	3,600	—	—

